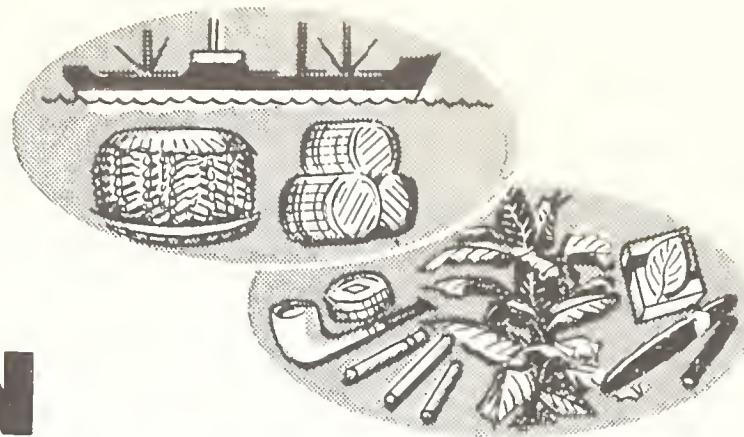


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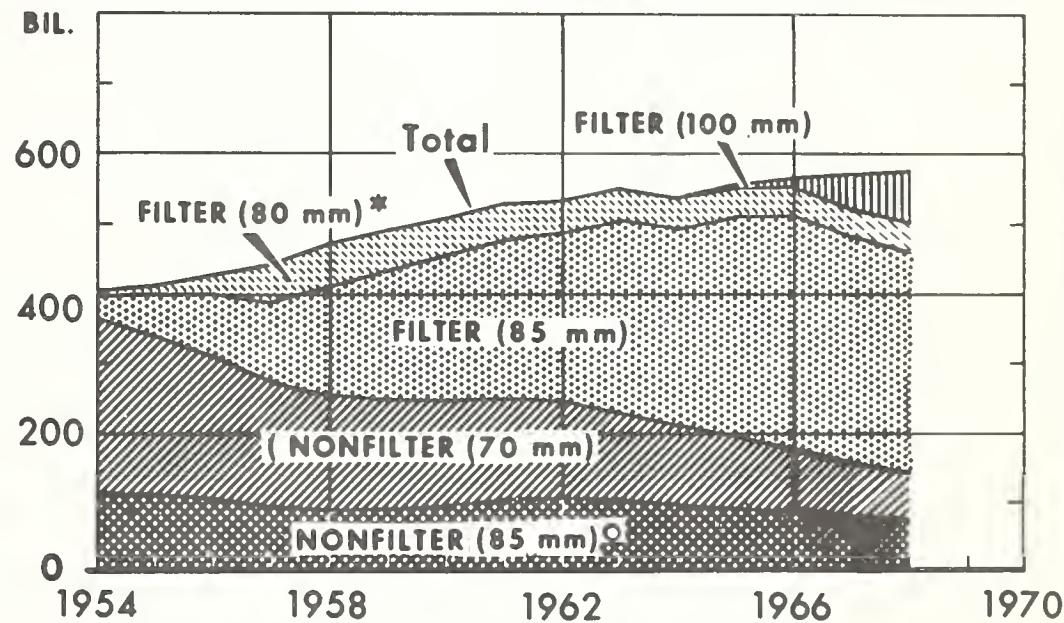
TOBACCO SITUATION



S-127

MARCH 1969

CIGARETTE OUTPUT BY KIND AND SIZE



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 660-69 (3)

IN THIS ISSUE

Tobacco Products

Per Capita Consumption

Exports, Imports, Foreign Production

Leaf Supplies and Use

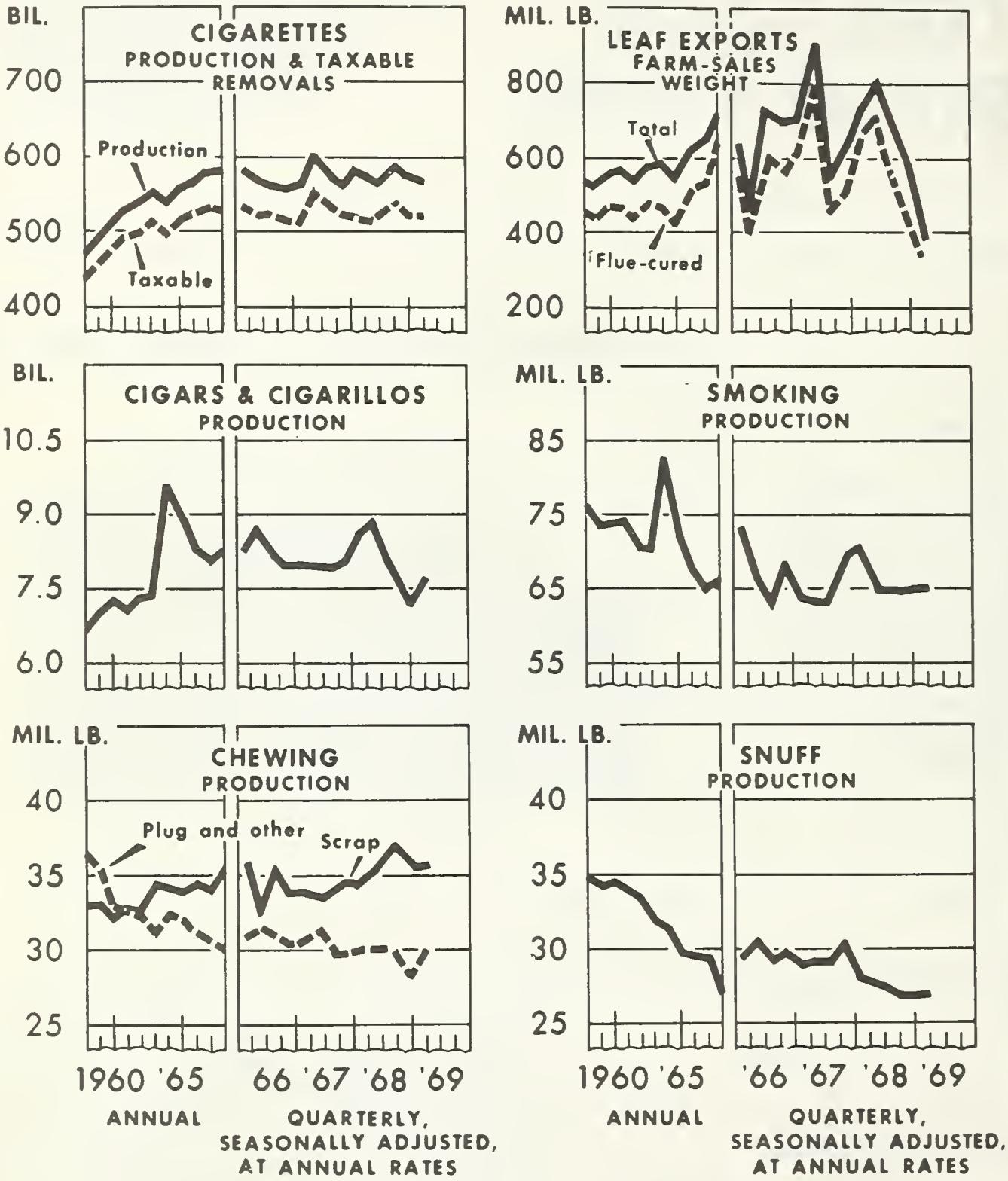
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U. S. DEPARTMENT OF AGRICULTURE

TOBACCO OUTLETS

Recent Trends in Manufactured Products and Exports



THE TOBACCO SITUATION

Approved by the Outlook and Situation Board, March 24, 1969

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SUMMARY*

Marketing year 1968/69 is bringing another reduction in tobacco carryover to give a closer balance between supplies and utilization. Prospects for combined domestic use and exports of tobacco have remained firm and the season's total may exceed by about 0.3 billion pounds the 1968 crop of 1.73 billion. This would leave about 3.8 billion pounds at the end of the season, down from 4.1 billion a year earlier.

Based on the legal formula, 1969 price support levels for eligible tobaccos are 3.6 percent higher than in 1968. All types of tobacco except Maryland, Pennsylvania seedleaf, cigar wrapper and perique are under quotas and receive price support. Basic allotments this year were increased for Virginia fire-cured and Connecticut binder tobaccos; others are unchanged from 1968.

Tobacco plantings for the 1969 crop are expected to rise about 5 percent from last year's harvested acreage of 884,500. An increase of nearly 50,000 acres is in prospect for flue-cured since there were

net undermarketings last season under the acreage-poundage program.

With a normal growing season this year, allowing for the uptrend in yield per acre, the prospective acreage would produce around 1.9 billion pounds of tobacco. This would be about 11 percent above the 1968 crop. A larger crop plus a smaller carryover would give a supply of around 5.7 billion pounds compared with 5.86 billion for 1968/69. Such a supply would be about 100 million pounds below projected requirements for 1969/70.

Cigarettes take about four-fifths of the tobacco used in the United States. In calendar year 1968, output of cigarettes totaled $579\frac{1}{2}$ billion, up 0.6 percent from 1967. Filter tip cigarette output rose nearly 17 billion above 1967, to three-fourths of the total. Nonfilter tip production declined by 14 billion cigarettes.

* The Summary of this report was released on March 24, 1969.

In 1968, U.S. smokers consumed 546 billion cigarettes--0.6 percent less than the previous year. This was the first decline since 1964. Adult per capita consumption, at 4,186 cigarettes (209 packs), was 2 percent below 1967. This year total consumption may hold at the high levels of the past 2 years. The adult population is increasing, but any gains in consumption will be in the face of rising cigarette prices and smoking-health publicity.

From the beginning of the 1968/69 marketing year through December, estimated disappearance of U.S. tobacco was the same as a year earlier. The steady rate of leaf use has also been indicated by steady cigarette production and a slowdown in the pace of imported tobacco use. Total domestic use for 1968/69 is now placed at 1.4 billion pounds, about the same as last year.

U.S. exports of tobacco and tobacco products were a record \$686 million in calendar 1968. Both volume and unit value were higher than in 1967. Unmanufactured tobacco exports last year were valued at \$524 million and exports of tobacco products also reached a record \$162 million. Exports of unmanufactured tobacco totaled 599 million pounds (equivalent to about 665 million, farm-sales weight). They were the largest since 1946, and about 5 percent above 1967.

During July-January of the current fiscal year, however, U.S. exports totaled 363 million pounds (export weight) down 1 percent from the same months a year earlier. Prospects for U.S. tobacco exports may have been weakened slightly by the 9-week dock strike that ended in late February. Also, suppliers with duty pre-

ferences are stepping up shipments to the United Kingdom and the European Common Market. The U.S. export total for the fiscal year may reach 560 million pounds export weight, slightly under the 565 million of a year earlier.

Flue-cured tobacco disappearance in the current marketing year may approximate the 1,221 million pounds of the previous year and bring carryover in mid-1969 down 9 percent to about 2,100 million pounds.

Growers in 1969 intend to plant 9 percent more acres of flue-cured tobacco than last year. The planned increase largely reflects net undermarketings of last year under the acreage-poundage program. With intended plantings and average yields, production this year may turn out about 15 percent above last year's reduced crop. Nevertheless, a reduced carryover may make the 1969/70 supply total slightly smaller than in 1968/69.

Domestic use and exports of burley tobacco in 1968/69 may equal last year's 598 million pounds, if U.S. cigarette production holds about steady and foreign sales of American-type blended cigarettes continue to increase overseas. So, burley carryover next October 1 may drop some 3 percent below the year-earlier level.

This year's burley acreage is indicated to be about the same as that harvested last year. But yields have been trending upward, so the crop could turn out about 7 percent larger than last year when yields were below trend. The projected larger crop and a smaller carryover would result in a 1969/70 supply about the same as this year's.

:		:
:	The Tobacco Situation is published March,	:
:	June, September and December.	:
:		:
:	The next issue is scheduled to be avail-	:
:	able June 30, 1969.	:
:		:

TOBACCO RESEARCH TASK FORCE REPORT

The Joint Task Force on Tobacco Research, a 14-member group representing USDA and Land Grant universities, with advisors from industry and HEW, met last year in Washington, D.C., to plan, evaluate, and coordinate a joint research program. Its report has been published and will be used by USDA and the State agricultural experiment stations in developing research programs. The tobacco task force was one of 32 established upon the 1966 recommendation of the Agricultural Research Planning Committee--a representative Federal-State group concerned with agricultural research programs.

The report of the task force sum-

marized the tobacco situation and set research goals in areas of crop protection, production, product development and quality, and marketing. In 11 research problem areas the task force developed research approaches, summarized potential benefits, and recommended research effort for 1972 and 1977. Research on smoking and health and on production efficiency need priority treatment, according to the task force.

Groups having a special interest in the development of public research and related programs may request copies from the Research Program Development and Evaluation Staff, Room 318-E Administration Building, USDA, Washington, D. C. 20250.

TOBACCO PRODUCTS

CIGARETTES

U.S. cigarette output increased last year, but consumption declined for the first time since 1964. Exports rose sharply prior to the winter dock strike. For this year, with a continuation of rising cigarette prices, and publicity about smoking-health relationships and proposed Government action, U.S. consumption will do well to hold at the level of last year. Exports may decline from last year's high. U.S. cigarette output last year totaled $579\frac{1}{2}$ billion, 3 billion more than in 1967 and more than in any previous year (table 1).

Consumption Declined
in 1968

In 1968, U.S. smokers (including those overseas) consumed 546 billion cigarettes--0.6 percent less than the 1967 record. Consumption per capita, 18 and over, at 4,186 (209 packs of 20) was 2 percent below the 1967 level. It was 4 percent below the 1963 peak (table 3).

In 1964--the year the Surgeon General's report on smoking and health was issued--both total and per capita cigarette consumption declined. Although

total consumption by 1968 had gained 9 percent over 1964, per capita consumption was back to the 1964 level.

Exports Gained

U.S. exports of cigarettes in 1968, at $26\frac{1}{2}$ billion, were 12 percent above those in the previous year (table 4). For 1968 the declared value of cigarette exports reached $\$134\frac{1}{2}$ million, up 15 percent from 1967--reflecting a gain in both quantity and unit value. Second half shipments were up sharply prior to the dock strike that began December 20.

Cigarette exports in January and February 1969 were very small because of the dock strike. During years of previous dock strikes, in 1963 and in 1965, exports fell from year earlier levels, and they may do so this year.

Filter-tip Trend
Continues

The annual ERS survey of cigarette manufacturers showed a further gain in filter tip cigarettes in 1968 to 75 percent of production--up from $72\frac{1}{2}$ percent in 1967, accompanied by a further decline in the nonfilter category (table 2). The

Table 1.--Cigarettes: Total output, domestic consumption, shipments and exports for specified periods

Period	Total output	Domestic consumption	Shipments to		
			Overseas forces and other 1/	Puerto Rico and U. S. islands 2/	Exports
	Billions	Billions	Billions	Billions	Billions
Average:					
1950-54	414.2	377.9	18.4	1.9	15.8
1955	412.3	382.1	13.2	2.0	15.1
1956	424.2	393.2	13.3	2.0	15.7
1957	442.3	409.4	13.7	2.1	17.0
1958	470.1	436.4	13.4	2.2	18.1
1959	489.9	453.7	13.7	2.5	19.6
1960	506.9	470.1	14.3	2.5	20.2
1961	528.3	488.1	14.6	2.8	22.2
1962	535.5	494.5	13.9	3.1	24.1
1963	550.6	509.6	14.3	3.2	23.6
1964	539.9	497.4	13.8	3.7	25.1
1965	556.8	511.5	17.2	3.9	23.1
1966	567.3	522.5	18.7	3.9	23.1
1967	576.2	527.2	21.4	3.3	23.7
1968 3/	579.5	523.2	22.6	4.7	26.5

1/ Also includes ship stores and small tax-exempt categories. 2/ Includes Virgin Islands, Guam, American Samoa, Wake, and Johnston and Enderbury Islands. 3/ Subject to revision.

Compiled from reprints of the Internal Revenue Service and the Bureau of the Census.

Table 2.--Cigarettes: Estimated output of nonfilter tip and filter tip by length and percentage distribution: 1956-68

Year	Total output	Nonfilter tip				Filter tip			
		Total	Regular 70 mm.	King 85 mm. 1/	Bil.	Total	Regular 70 mm.	Long 80 mm.	King 85 mm.
			Bil.	Bil.			Bil.	Bil.	Bil.
1956	424.2	307.3	203.9	103.4	114.9	7.1	17.2	91.9	---
1957	442.3	274.0	180.3	93.7	168.3	8.0	14.1	114.2	---
1958 2/	470.5	257.5	159.0	88.5	213.0	6.9	14.5	151.6	---
1959	489.9	251.1	159.0	92.1	238.8	5.5	14.2	185.1	---
1960	506.9	243.2	151.0	97.0	258.0	3.6	16.4	98.0	---
1961	526.3	251.2	148.5	102.7	277.1	3.1	17.4	224.1	---
1962	535.5	243.0	132.8	103.2	292.5	2.4	18.1	242.0	---
1963 2/	550.8	231.5	128.7	102.2	319.2	2.0	17.1	270.1	---
1964	537.2	211.2	111.7	99.5	328.7	1.6	12.4	281.5	---
1965	556.8	178.0	101.7	56.3	358.8	1.5	43.2	312.1	2.0
1966	567.3	180.0	91.1	88.9	387.3	1.2	43.3	331.8	11.0
1967	575.2	159.3	79.1	50.3	416.2	1.1	38.7	332.0	55.1
1968	579.5	145.5	69.0	76.5	434.0	1.1	41.1	315.3	76.5
Percentage distribution									
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
1956	100.	72.4	49.1	24.3	27.1	1.7	4.2	21.1	---
1957	100.0	52.0	47.8	21.2	38.7	1.7	10.4	24.3	---
1958	100.0	54.0	35.0	18.3	15.3	1.5	11.1	32.2	---
1959	100.0	51.3	32.5	18.8	49.7	1.1	7.4	27.2	---
1960	100.	47.1	30.0	19.1	50.7	1.2	1.2	41.0	---
1961	100.0	47.1	24.1	19.4	52.5	1.2	9.3	42.0	---
1962	100.0	47.4	21.1	19.3	54.3	1.4	1.2	45.2	---
1963	100.0	42.0	23.3	18.7	55.7	1.2	8.7	47.9	---
1964	100.0	32.1	20.7	18.4	57.2	1.3	7.9	52.1	---
1965	100.0	35.6	18.3	17.3	51.4	1.3	7.7	53.1	2.4
1966	100.0	31.0	11.1	15.7	53.2	1.2	1.1	58.5	1.0
1967	100.0	27.6	13.7	13.2	72.4	1.2	6.7	51.3	0.6
1968	100.0	25.1	11.9	13.2	74.9	1.2	7.1	54.4	13.2

1/ Includes 70 mm. nonfilter tips which were fairly significant in 1956-60, but which have since comprised a very small proportion of the total. 2/ Data for 1958 and 1959 are from Census of Manufactures, and differ slightly from totals shown by Internal Revenue Service.

General note: Cigarettes having lengths other than specified in this table were included in the group with which they were most nearly comparable.

Table 3.--Cigarettes and all tobacco products: Consumption per capita, 18 years and over (including overseas forces), and indexes, 1925-68

Year	Cigarettes 1/		All tobacco products 1/	(number)	(pounds)	All tobacco products
	Number	Pounds				(Indexes--1957-59=100)
Average:						
1925-29	1,282	3.52	9.08	33	38	83
1930-34	1,389	3.82	8.30	35	41	76
1935-39	1,779	4.81	9.22	45	51	79
1940-44	2,558	5.97	10.88	65	74	94
1945-49	3,459	9.38	12.46	88	100	107
1950	3,522	9.54	12.29	90	102	106
1951	3,744	9.94	12.60	95	106	108
1952	3,886	10.44	13.11	99	112	113
1953	3,778	10.37	12.95	96	111	111
1954	2,546	9.59	12.12	90	102	104
1955	3,107	9.49	11.99	92	101	103
1956	3,650	9.35	11.65	93	100	100
1957	3,755	9.21	11.44	96	98	98
1958	3,953	9.46	11.73	101	101	101
1959	4,073	9.44	11.73	104	101	101
1960	4,171	9.64	11.82	106	103	102
1961	4,266	9.84	12.00	109	105	103
1962	4,265	9.69	11.80	109	103	102
1963	4,345	9.70	11.78	111	104	101
1964	4,194	9.21	11.53	107	93	99
1965	4,258	9.37	11.61	108	100	99
1966	4,287	9.02	11.12	109	97	96
1967	4,280	8.85	10.79	109	94	93
1968 2/	4,186	8.65	10.53	107	92	91

1/ The weight represents the unstemmed processing-weight equivalent of the tobacco. 2/ Subject to revision.

Table 4.--Cigarette exports from the United States to leading destinations for specified periods

Country	Calendar	1966	1967	1968 1/	1968 as a percentage of 1967
	year				
	average				
	1961-65				
	Mil.	Mil.	Mil.	Mil.	Pct.
Hon- Kong	2,131	2,366	2,450	2,625	107
Spain	1,305	1,944	1,704	1,924	113
Paraguay	415	1,270	1,423	1,770	124
Netherlands Antilles	1,097	1,286	1,472	1,412	96
Kuwait	1,134	1,183	1,090	1,371	126
Panama 2/	680	624	759	1,033	136
West Germany	558	653	720	724	101
Italy	726	622	715	694	97
Lebanon	491	499	640	647	101
Canary Islands	391	568	545	481	88
France	1,351	969	719	471	66
Ecuador	501	626	562	374	67
Other countries 3/	7,478	10,847	10,852	12,983	120
Total, all countries	23,623	23,457	23,651	26,509	112

1/ Subject to revision. 2/ Includes Canal Zone. 3/ Includes around 100 foreign destinations in recent years.

Compiled from publications and reports of the Bureau of the Census.

filter tip gain was largely in the 100 millimeter size, which made up 13 percent of 1968 output.

Most filter tip cigarettes have a shorter tobacco column than nonfilter cigarettes. And over the past several years the filter tips have been lengthened. Also, some new brands have smaller diameters. These factors reduce tobacco requirements per cigarette substantially.

Cigarette Prices and Taxes

Retail cigarette prices rose in 1968, mostly due to increases in cigarette taxes in several States. The December 1968 BLS retail price index for filter tip king-size cigarettes was 4 percent above a year earlier.

The average State cigarette tax rate (weighted by number of packs taxed) was 9.2 cents per pack in December 1968,

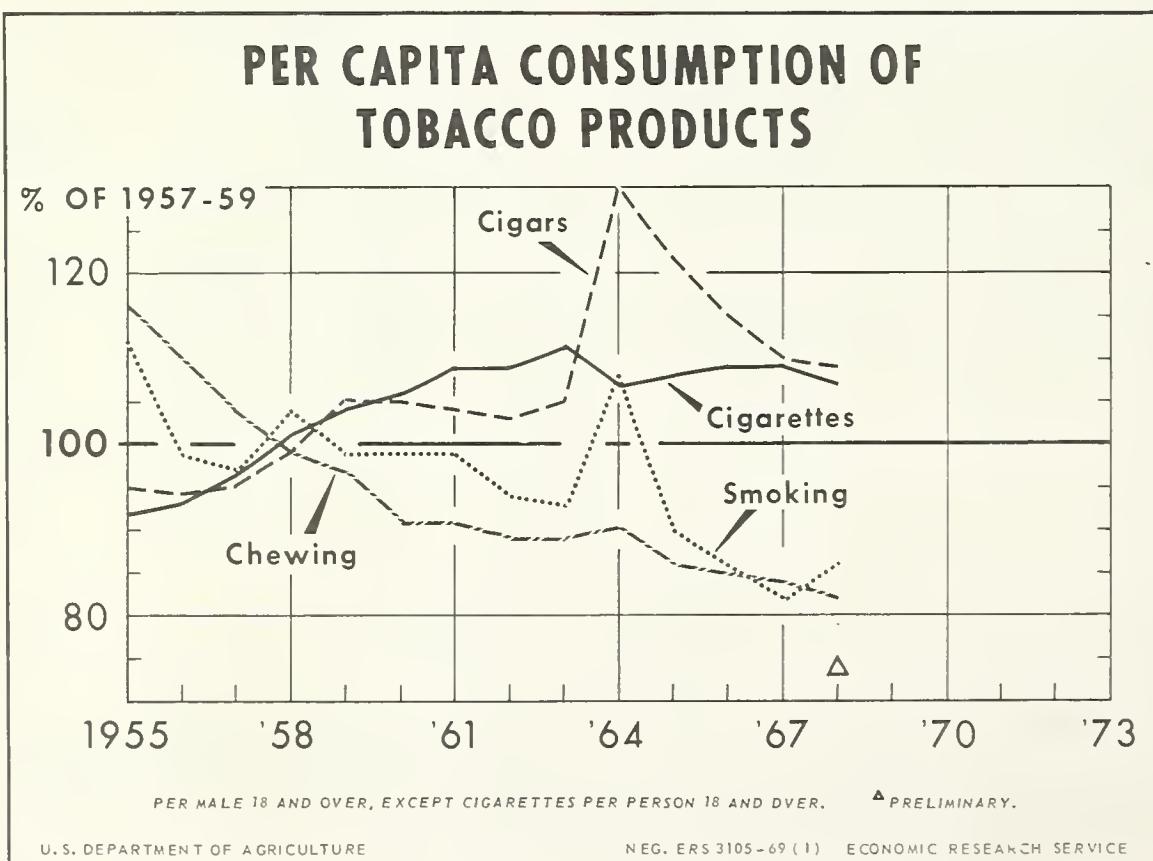
up from 8.5 cents a year earlier. The Federal excise tax is 8 cents a pack. In addition, a considerable number of local governments tax cigarettes.

Cigarette taxes are in effect in 49 States and the District of Columbia. Only North Carolina does not have a state tax on cigarettes, but is considering one; increases are proposed in several other States and municipal areas.

Government Activity

The 4-year moratorium on the regulation of cigarette advertising resulting from the 1965 Cigarette Labeling and Advertising Act expires at the end of June. Several bills to extend or amend the Act have been introduced in Congress.

The Federal Communications Commission proposed in February to ban cigarette advertising on television and radio (with the possible exception for cigarettes low in tar and nicotine) if Con-



gress does not direct otherwise. In mid-1968, the Federal Trade Commission recommended a complete ban on cigarette advertising on television and radio. As an alternative FTC recommended that such advertising be limited as to hours, extent and type of program.

In March, the Federal Trade Commission reported on "tar" and nicotine content of smoke from 126 brands of cigarettes. This was the fourth report since FTC testing began in 1967.

CIGARS AND CIGARILLOS

Cigar consumption slowed further in fourth quarter 1968, so for all of last year U.S. smokers (including those overseas) consumed about 7.8 billion cigars--2 percent less than in 1967. In the past 4 years cigar consumption receded from the 1964 high level but the rate of decline diminished each year (table 5). About 126 cigars and cigarillos were consumed per male 18 and over in 1968. This was down 3 percent from 1967. During 1969, cigar and cigarillo consumption is expected to total near the 1968 level.

Details of cigar removals by revenue class last year show a gain for the largest selling Class C, and a decline for the medium-priced Class E cigars:

<u>Revenue Class and retail price</u>	<u>Number</u>	<u>Change from 1967</u>
	<u>Bil.</u>	<u>Pct.</u>
A and B (up to 4¢)	0.50	-29.8
C (over 4 to 6¢)	3.37	+1.9
D (over 6 to 8¢)	1.03	+26.0
E (over 8 to 15¢)	2.40	-8.4
F and G (over 15¢)	.53	+3.5
Total removals	7.83	-1.8

Price changes shifted some brands from Class B to Class C. The BLS index of cigar prices last year was 1 percent above 1967. The introduction of a 7-cent cigar boosted the Class D total.

U.S. cigar exports declined to 68 million last year, down 11 percent from

the previous year's record. The 1968 value of \$3.2 million was slightly higher because much of the decline was in cigarette-size small cigars to Canada. France and Japan were the major markets in 1968, taking over one-third of the total.

U.S. imports of cigars totaled about 48 million in 1968, valued at \$3.8 million. Both volume and value were up appreciably from 1967 although unit value declined. The Netherlands was the largest source; Canary Islands, Jamaica, and the Philippines were also important.

SMOKING TOBACCO

Smoking Tobacco Gains

The 1968 U.S. production of smoking tobacco for pipes and roll-your-own cigarettes totaled about 66 million pounds--2 percent above 1967. This gain was the first since 1964.

Last year's estimated consumption of smoking tobacco amounted to 69½ million pounds--3 percent above the previous year. Higher cigarette prices in States that boosted taxes may have stimulated both domestic sales and imports of smoking tobacco (tables 8 and 9).

Imports of manufactured tobacco (mostly smoking tobacco) reached a new high of 5.5 million pounds in 1968, compared with 3.7 million a year earlier. The 1968 value was \$6.8 million. Most of the imports came from the Netherlands, with the United Kingdom and Denmark secondary sources. The average values (per pound, excluding the 17½-cent duty) of recent imports from various sources were:

	<u>1966</u>	<u>1967</u>	<u>1968</u>
Netherlands	\$1.17	\$1.14	\$1.13
United Kingdom	2.86	2.82	2.57
Denmark	1.22	1.33	1.32
Other	.92	.96	1.06
All countries	1.29	1.26	1.23

Table 5.--Large cigars and cigarillos: Output and consumption for specified periods

Period	Factories in the United States 1/			Imports for consumption			Total	
	Total output	Removals	From Puerto Rico: Total 2/	From taxable	Exports: Philippine Republic	Exports: Philippine Republic	Exports: Philippine Republic	Exports: Philippine Republic
	Taxable	Tax-exempt	taxable	Total 2/	Philippine Republic	Philippine Republic	Philippine Republic	Philippine Republic
Millions								
Average:								
1950-54	5,902	5,818	83	13	15	2	4	5,925
1955	6,004	6,916	82	84	20	5	6	6,095
1956	5,998	5,863	72	93	23	4	9	6,042
1957	6,145	5,995	79	124	26	5	9	6,215
1958	6,469	6,260	87	137	28	4	9	6,503
1959	6,857	6,717	103	148	31	5	4/10	6,989
1960	6,991	6,728	105	198	32	6	4/11	7,052
1961	6,642	6,558	118	354	24	8	4/16	7,038
1962	6,684	6,442	126	483	23	14	4/19	7,055
1963	6,716	6,621	144	526	24	15	33	7,282
1964	8,736	8,122	193	809	28	13	44	9,108
1965	7,899	7,577	180	911	25	9	55	8,638
1966	7,165	7,076	193	1,075	25	10	73	8,296
1967	6,858	6,845	197	1,099	30	9	76	8,095
1968 5/	7,183	6,759	168	1,034	49	11	68	7,942

1/ Includes output and removals of bonded manufacturing warehouses—a category in which no facilities have been classified since February 1964. 2/ Prior to the embargo on imports from Cuba (effective February 1962), the major share of imported cigars came from Cuba. 3/ Total removals from U.S. factories plus those from Puerto Rico, and imports, minus exports. 4/ Estimated—excludes little cigars. 5/ Subject to revision.

Compiled from reports of the Internal Revenue Service and the Bureau of the Census.

Table 6.--Small cigars (weighing not more than 3 pounds per thousand and approximately cigarette size): Output and removals for specified periods

Period	Output	Factory removals		
		Total	Taxable	Tax-exempt
		Millions		
Millions				
Average:				
1950-54	64.9	65.0	64.2	0.8
1955	58.7	57.8	57.0	.8
1956	63.6	59.5	58.9	.6
1957	49.0	49.1	48.8	.3
1958	170.0	160.0	159.7	.3
1959	530.1	505.5	481.6	23.9
1960	148.7	158.7	141.9	16.8
1961	158.2	152.9	156.1	6.8
1962	164.0	162.9	155.8	7.1
1963	281.4	272.4	264.2	8.2
1964	973.9	973.8	939.7	34.1
1965	440.7	457.8	434.7	23.1
1966	445.3	452.6	435.7	16.9
1967	434.2	440.8	430.7	10.1
1968 1/	523.3	510.8	503.5	7.3

1/ Subject to revision.

Compiled from reports of the Internal Revenue Service.

Table 7.--Consumption of cigars, smoking tobacco and chewing tobacco per male, and snuff per person, 18 years and over, and indexes for specified periods

Period	Consumption per male 18 years and over				Per person 18 years and over
	Large cigars and cigarillos 1/		Smokin tobacco 1/	Chewin tobacco 1/	
	Number	Pounds	Pounds	Pounds	
Average:					
1925-29	177.4	4.10	4.15	5.03	0.52
1930-34	125.2	2.96	4.40	3.15	.46
1935-39	120.9	2.89	4.39	2.48	.42
1940-44	118.9	2.87	3.67	2.34	.43
1945-49	113.7	2.74	2.35	2.01	.41
1950	107.8	2.53	2.03	1.67	.38
1951	110.8	2.56	1.89	1.62	.37
1952	111.1	2.72	1.80	1.58	.36
1953	115.5	2.72	1.62	1.55	.36
1954	112.8	2.61	1.55	1.48	.35
1955	112.8	2.60	1.47	1.44	.35
1956	110.8	2.41	1.30	1.36	.34
1957	113.0	2.37	1.27	1.29	.32
1958	117.3	2.45	1.37	1.23	.31
1959	124.9	2.55	1.31	1.20	.29
1960	124.7	2.42	1.30	1.13	.30
1961	122.9	2.43	1.30	1.13	.29
1962	121.9	2.40	1.24	1.10	.28
1963	124.6	2.39	1.22	1.11	.27
1964	124.3	2.69	1.42	1.11	.26
1965	143.8	2.57	1.19	1.07	.24
1966	136.1	2.41	1.13	1.05	.23
1967	130.7	2.28	1.08	1.04	.23
1968 2/	126.4	2.15	1.11	1.05	.21
1957-59-100					
Average:					
1925-29	150	167	316	406	168
1930-34	106	120	334	254	150
1935-39	102	117	333	200	138
1940-44	100	117	279	189	140
1945-49	96	112	179	162	132
1950	91	103	154	134	125
1951	94	104	144	131	121
1952	97	111	137	128	118
1953	98	111	123	125	117
1954	95	107	118	120	115
1955	95	106	112	116	115
1956	94	98	99	110	110
1957	95	97	97	104	105
1958	99	100	104	99	100
1959	105	104	99	97	95
1960	105	98	99	91	97
1961	104	99	99	91	93
1962	103	97	94	89	91
1963	105	97	93	89	86
1964	130	109	108	90	84
1965	122	105	90	86	78
1966	115	98	86	85	76
1967	110	93	82	84	76
1968 2/	107	87	84	84	68

1/ Unstemmed weight equivalent for cigars and finished-product weight for all others.

2/ Subject to revision.

Table 8.--Smoking tobacco: Output, removals, foreign trade, and consumption, for specified periods

Period	Output	Removals 1/		Imports 2/	Exports, in packages	Total consumption 3/	Exports, smoking tobacco in bulk 4/
		Taxable	Tax-exempt				
		1/	1/				
		Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Average:							
1950-54		95.2	92.0	3.2	0.1	94.7	3.0
1955		80.0	77.7	2.3	.1	79.6	6.2
1956		71.5	69.9	1.7	.1	71.1	5.7
1957		70.5	68.7	1.7	.2	70.0	4.4
1958		75.0	74.0	2.0	.4	75.7	7.5
1959		73.2	71.2	1.9	.7	73.1	8.5
1960		73.8	71.3	2.3	.9	73.6	7.7
1961		74.2	71.4	2.5	1.3	74.4	9.0
1962		70.9	68.3	2.6	1.5	71.5	8.6
1963		70.4	68.0	2.2	1.6	70.9	9.8
1964		82.7	79.0	3.4	2.7	83.7	12.3
1965		71.8	67.3	3.0	2.1	71.4	13.6
1966		67.3	65.3	1.5	3.3	69.2	14.9
1967		64.8	62.7	2.0	3.7	67.0	15.9
1968 5/		66.3	64.1	1.9	5.5	69.5	21.4

1/ After December 1965, taxable removals data replaced by domestic sales, and tax-exempt removals data replaced by export sales. 2/ Prior to July 1962 and after December 1965, data are from Census import classification covering mainly smoking tobacco; from July 1962 through December 1965, data represent taxable removals of imported smoking tobacco reported by Internal Revenue Service. 3/ Total removals (or sales) plus imports minus exports in packages. 4/ Includes specially-prepared cigarette tobacco, cut or granulated tobacco, partially-processed blended tobacco and shredded tobacco. Virtually all of the smoking tobacco in this export class was not included in Internal Revenue Service output figures for smoking tobacco. 5/ Subject to revision.

Compiled from reports of the Internal Revenue Service, Bureau of the Census, and Consumer and Marketing Service, USDA.

Table 9.--Smoking tobacco: Production and manufacturers' sales, by category, 1967 and 1968

Smoking tobacco product	Manufactured		Invoiced					
			To domestic customers		For export 1/		Total	
	1967	1968	1967	1968	1967	1968	1967	1968
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Pipe	57.3	59.0	55.3	56.7	2.0	1.9	57.3	58.6
Granulated or sack	1.4	1.2	1.5	1.2	2/	2/	1.5	1.2
Cigarette cut	6.0	6.1	5.9	6.2	2/	2/	5.9	6.2
Total 3/	64.7	66.3	62.7	64.1	2.0	1.9	64.7	66.0

1/ Sales for overseas shipment (to foreign markets and to overseas forces). 2/ Negligible.
3/ Computed from unrounded numbers.

Exports of packaged smoking tobacco totaled 2.0 million pounds in 1968, compared with 1.3 million in 1967. The declared value rose to \$2.6 million. The Netherlands, Yugoslavia, and Australia substantially increased their takings. These destinations accounted for about half of the total. Japan a major market in 1967, reduced takings sharply, last year, while Canada's takings were maintained.

Exports in Bulk
Reaches New High

Exports of smoking tobacco in bulk, which have been trending upwards, reached a record 21.4 million pounds in 1968, valued at \$22.3 million. The quantity was one-third above 1967. The average value also gained. Major markets and quantities taken were:

<u>Country</u>	<u>Mil.</u> <u>lb.</u>	<u>Country</u>	<u>Mil.</u> <u>lb.</u>
Italy	4.1	Finland	1.2
Peru	3.2	Netherlands	1.1
Dominican Rep.	2.1	Ecuador	1.0
Spain	1.9	Bolivia	1.0
Switzerland	1.3	Austria	.6

This export category includes specially prepared cigarette tobacco, cut or granulated tobacco, partially processed blended tobacco, and shredded tobacco. It also includes processed sheet tobacco and "blended strips" or stemmed tobacco consisting of more than one kind--principally blended flue-cured and burley.

CHEWING TOBACCO AND SNUFF

U.S. production of chewing tobacco totaled about $65\frac{1}{2}$ million pounds in 1968, $1\frac{1}{2}$ percent above the preceding year. Of the principal categories, scrap output gained 4 percent while that of plug chewing declined 4 percent (table 10).

Total output of chewing tobacco has fluctuated within a relatively narrow range during the past 9 years. Most U.S. output is consumed domestically. Manufacturers' domestic sales of chewing tobacco last year were 2 percent above 1967, with gains in scrap and fine-cut outweighing reductions in plug and twist. The 1968 U.S. consumption of chewing tobacco per adult male was about the same as that of 1967, but about a fifth less than 10 years ago (table 7).

U.S. chewing tobacco exports--mainly twist and plug--totaled 210,000 pounds in 1968--down a third from 1967. Value of exports was \$224,000. Australia was the leading destination last year.

Snuff production in 1968 totaled 27 million pounds, 8 percent below the previous year's level. Snuff output has trended downward since 1956.

TOBACCO EXPENDITURES AND TAXES

Expenditures on tobacco products during 1968 by consumers and business totaled \$9,940 million, up 5.2 percent from the previous year. Expenditures on cigarettes continued to gain and accounted for 90 percent of the total. This is a slight rise from 86 percent a decade ago (table 32).

Federal, State, and municipal taxes on tobacco products last year totaled about \$4,385 million, or 46 percent of the tobacco expenditures. During the 1960's Federal excise taxes fluctuated between \$2.0 and 2.2 billion a year, but State and municipal taxes have steadily increased. The annual gain in tax revenues from tobacco products over the past decade has averaged 5.6 percent (table 33). Tobacco taxes account for about $1\frac{1}{2}$ percent of Federal tax and nontax receipts and about 2 percent for State and local governments.

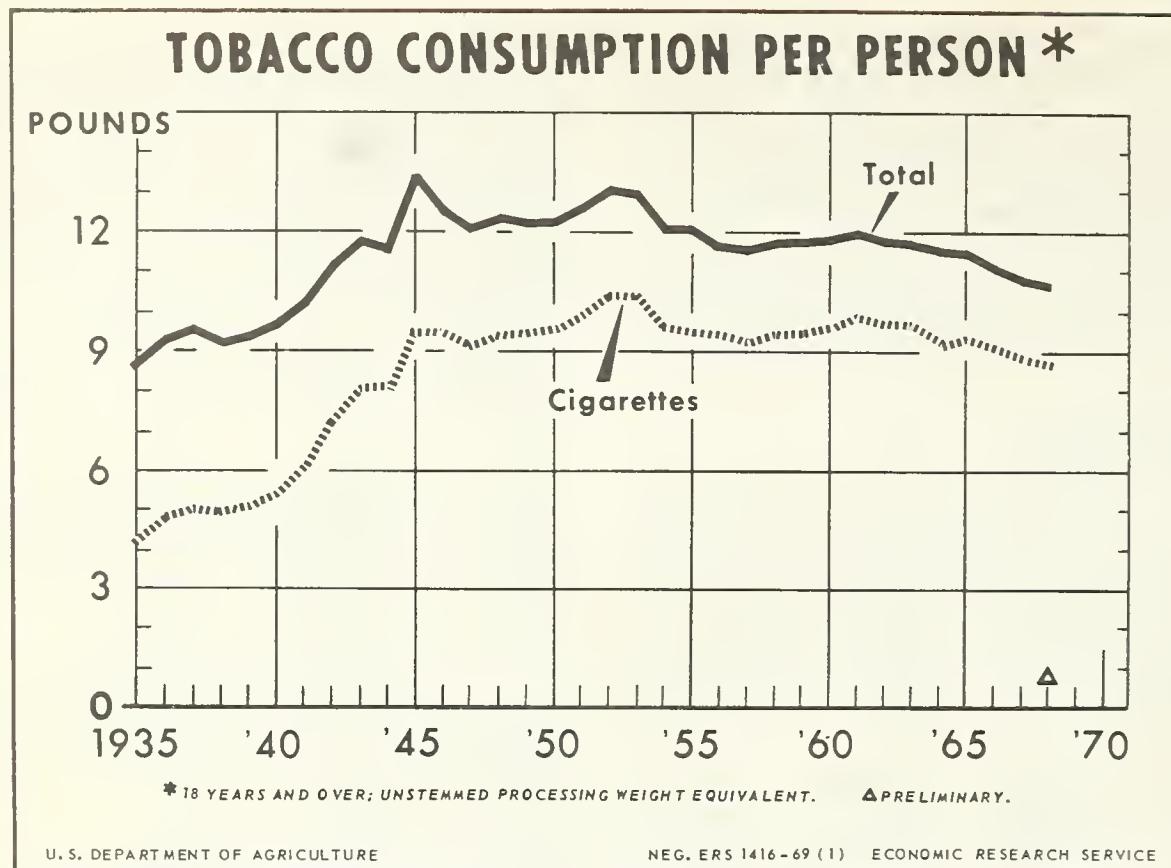


Table 10.--Chewing tobacco and snuff: Output by category for specified periods

Period	Chewing tobacco						Snuff Mil. lb.
	Plug Mil. lb.	Twist Mil. lb.	Fine-cut Mil. lb.	Scrap Mil. lb.	Total Mil. lb.		
Average:							
1950-54	38.9	4.9	2.8	38.2	84.8	39.2	
1955	36.5	4.5	3.0	36.0	80.0	39.2	
1956	33.0	4.3	2.9	35.5	75.7	37.7	
1957	31.6	4.0	2.8	34.0	72.4	36.1	
1958	29.6	3.8	2.9	33.0	69.3	34.8	
1959	28.6	3.5	3.0	33.0	68.2	34.3	
1960	26.4	3.4	3.1	32.0	64.9	34.6	
1961	26.0	3.3	3.2	32.7	65.2	33.8	
1962	26.0	2.9	3.3	32.5	64.7	33.2	
1963	24.9	2.9	3.3	34.2	65.3	31.8	
1964	25.9	2.8	3.5	34.0	66.2	31.4	
1965	24.7	2.8	3.7	33.9	65.1	29.7	
1966	24.3	2.7	3.9	34.3	65.2	29.5	
1967	23.7	2.6	4.1	34.0	64.4	29.3	
1968 1/	22.9	2.6	4.2	35.7	65.4	27.1	

1/ Subject to revision.

Compiled from reports of the Internal Revenue Service and Consumer and Marketing Service, USDA.

FOREIGN TRADE

The United States is the leading tobacco exporter and the third largest tobacco importer. In recent years about 30 percent of the U.S. tobacco crop has been exported--representing about one-third of world exports of tobacco. U.S. exports of tobacco and tobacco products were a record \$686 million in 1968. This includes unmanufactured tobacco worth \$524 million and tobacco products of \$162 million. Imports of tobacco for blending with domestic types and tobacco products were worth \$160 million last year. Thus, foreign trade in tobacco contributed a substantial favorable trade balance.

U.S. EXPORTS AND IMPORTS

Leaf Exports Near Record

U.S. exports of unmanufactured tobacco in 1968 reached the highest level since 1946. The U.S. dock strike that began December 20 had a minor effect on the calendar 1968 export total. At 599 million pounds (equivalent to 665 million, farm-sales weight) it was 5 percent above 1967.

By category, 1968 exports of flue-cured, cigar wrapper, cigar binder and stems and trimmings were higher; exports of burley, Maryland, fire-cured, dark air-cured and cigar filler were lower than in 1967 (table 11).

The principal factors improving U.S. exports during the past year included: (1) better quality of U.S. tobacco production in recent years, (2) increased world cigarette consumption, (3) continued sanctions against Rhodesian trade in most foreign tobacco importing areas, (4) the export payment of 5 cents per pound, unstemmed leaf equivalent, on most U.S. leaf exports, and (5) some larger shipments in late 1968 in anticipation of the U.S. dock strike.

The East and Gulf Coast dock strike stalled exports for 9 weeks beginning December 20 and competition from foreign producing countries has increased. Thus, the January-June total will most likely be below the 244 million pounds a year ago. The July 1968-January 1969 exports of 363

million pounds were 2 million pounds below a year earlier. For the year ending June 30, 1969, U.S. exports of unmanufactured tobacco may total only slightly lower than the 565 million pounds shipped in 1967/68.

Country Highlights

Among the various export markets for U.S. leaf, the United Kingdom is the largest, accounting for nearly a fourth of U.S. exports. In 1968, the U.K. boosted takings 7 percent above 1967 as manufacturers rebuilt depleted stocks. West Germany--the second ranking U.S. market--decreased takings about one-fourth from the previous year's record due to tax changes. Japan moved back into third rank with a substantial gain after 1967's cut in takings. Among other major markets, the Netherlands, Switzerland, Belgium, Denmark, Australia, and Thailand increased takings in 1968. Less tobacco went to Sweden.

Flue-cured exports again make up three-fourths of the total. These exports gained 4 percent over 1967 with a little larger quantity going to the United Kingdom and most European countries. West Germany took less but considerably more went to the Netherlands and Belgium last year. Sizable gains were recorded for Thailand, Japan, and Australia.

Burley exports in 1968 were down 6 percent. The decline was in exports to the European Common Market countries. Other major markets increased takings.

Exports of Maryland tobacco dropped 9 percent after gaining sharply in 1967. Takings increased for Switzerland, the major market, and Portugal. Belgian and West German takings fell.

Another sharp rise was recorded in exports of stems, trimmings, and scrap. The average value was 22 cents per pound. United Kingdom takes about half of this category. Other European countries are also important destinations. These exports have grown because this part of the leaf is unavailable otherwise when so much of the leaf is exported in stemmed form.

Table 11.--United States exports of unmanufactured tobacco by types and to principal importing countries for specified periods

Country and type	(Declared weight)					
	Average 1960-64	1965	1966	1967 1/	1968 1/	1968 as a percentage of 1967
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	
						Pct.
Flue-cured	397.2	351.1	422.6	427.4	443.8	104
Burley	41.6	45.3	45.7	45.3	42.8	94
Maryland	11.4	10.1	10.6	15.1	13.8	91
Fire- and sun-cured	24.1	27.6	23.4	26.3	25.5	97
Green River	.8	.6	.5	.9	.5	56
One Sucker	.6	.9	.6	1.0	1.0	100
Black Fat, etc.	4.1	3.9	3.5	4.1	2.5	61
Cigar wrapper	4.4	3.9	4.5	3.7	4.4	119
Cigar binder	1.6	2.5	1.9	1.8	2.2	122
Cigar filler	.4	.7	1.9	.9	.6	67
Perique	.2	.4	.4	.2	.2	100
Stems, trimmings, and scrap	10.8	21.1	35.6	44.9	61.6	137
Total	497.2	468.1	551.2	571.6	598.9	105
Country of destination						
United Kingdom	138.1	92.8	129.9	137.6	146.7	107
France	6.0	5.8	8.6	6.3	6.9	110
Belgium	17.4	18.8	17.5	17.5	20.1	115
Netherlands	32.2	37.2	28.8	40.5	44.0	109
West Germany	79.2	80.9	98.7	114.3	88.6	78
Portugal	7.3	3.7	3.8	5.5	4.6	84
Denmark	13.3	15.1	17.9	16.4	19.2	117
Ireland	14.9	10.6	13.5	14.3	15.0	105
Switzerland	13.2	12.6	16.9	21.4	24.8	116
Finland	7.3	6.1	4.7	5.9	5.5	93
Norway	7.7	6.0	9.3	8.4	9.7	115
Sweden	16.6	5.9	22.8	19.3	16.9	82
Italy	11.3	8.4	3.7	7.1	5.0	70
Spain	1.7	3.7	5.1	3.8	5.5	145
Thailand	9.2	11.8	17.7	23.2	28.9	125
S. Vietnam	5.9	7.3	12.4	12.9	10.4	81
Malaysia 2/	5.2	6.6	7.3	9.6	10.9	114
Hong Kong	6.5	7.5	4.7	5.9	5.6	95
Japan	26.1	36.6	42.1	27.0	48.8	181
Australia	17.2	19.7	16.5	13.3	19.7	148
New Zealand	4.5	3.0	5.3	3.8	5.9	155
Egypt	11.5	18.4	12.0	1.4	.6	43
Other countries	44.9	49.6	52.0	56.2	55.6	99
Total	497.2	468.1	551.2	571.6	598.9	105

1/ Preliminary.

2/ Malaysia and Singapore.

Compiled from publications and records of the Bureau of the Census.

Government Program Exports

U.S. tobacco exports under Government programs (Public Law 480, barter and AID) in 1968 totaled about 126 million pounds--valued at \$120 million. The volume was up 7 percent from 1967 (table 12).

Barter sales are the largest category of program exports. Tobacco is exchanged for materials and services used by U.S. agencies overseas. These transactions, which are considered equivalent to dollar sales, make a direct contribution to the U.S. balance of payments.

In 1968 tobacco barter exports were a new high at 92.7 million pounds. About seven-tenths of barter exports went to Western Europe, one-fourth went to the Far East and Pacific countries, and the remainder to other areas. The 10 leading countries and the quantity shipped to each were:

<u>Country</u>	<u>Mil.</u> <u>lb.</u>	<u>Country</u>	<u>Mil.</u> <u>lb.</u>
United Kingdom	35.9	West Germany	4.4
Japan	10.7	Portugal	4.3
Spain	7.1	Singapore	3.1
Malaysia	6.4	Ireland	2.2
Finland	4.4	Netherlands	2.1

Tobacco exported for foreign currencies gained in volume last year despite the shift toward barter and dollar sales. About one-half of these exports for foreign currencies last year, or $10\frac{1}{2}$ million pounds, went to South Vietnam. Other destinations and quantities shipped (million pounds) were: Taiwan, 6.8; Pakistan, 1.1; Ghana, 0.8; and Tunisia, 0.5.

Sales for long-term dollar credit totaled 12.1 million pounds in 1968, twice the preceding year. In addition, there was 1.3 million pounds of leaf equivalent worth \$1.3 million in tobacco products. The 4 leading destinations and quantities shipped (million pounds) were: Philippine Republic, 3.5; Congo (Kinshasa) 3.0; Ghana, 2.4; and Chile, 1.2.

U.S. Imports Set New Record

The 1968 imports of unmanufactured

tobacco for consumption (factory use of imports) reached a record high for the second consecutive year. The total of 221 million pounds was 12 percent above the previous record in 1967 (table 13).

All import categories gained last year. Cigarette leaf accounted for most of the increase, but there were above average gains in lower valued imports of scrap (small pieces of leaves used principally for cigars).

All the gain in cigarette leaf occurred in the first half of 1968; other categories gained throughout the year. Imports for consumption accounted for about one-sixth of domestic tobacco utilization last year. U.S. factory use will probably continue at a high level this year due to large foreign stocks in the United States and substantial exportable supplies overseas. Demand for certain kinds of foreign tobacco for blending with domestic types in the manufacture of cigarettes and cigars seems quite persistent. Costs of U.S. and most oriental leaf for cigarettes are considered similar, but oriental scrap carries a much lower value.

During 1968, imports of cigarette leaf for consumption (direct entries plus withdrawals from bond) increased 8 percent to 165 million pounds. Of the major suppliers, Turkey, Greece, and Yugoslavia each recorded gains. The leaf total includes 2 million pounds of flue-cured and burley. Average value of U.S. imports of oriental leaf was a little lower last year (table 15).

The 1968 imports of scrap for consumption increased 10 million pounds. Compared with the year before, there were increased imports from the Philippine Republic, the Dominican Republic, Colombia, Brazil, Greece and Turkey. Scrap from the latter 2 countries is oriental type, probably used largely in cigarettes.

For 1968, general imports of tobacco (arrivals; i.e., direct entries--excluding intransit shipments--plus that placed in bonded warehouses to be withdrawn for factory use later) totaled 263 million pounds, near the record level a year earlier (table 14).

Table 12.--Tobacco exports under Government programs, 1955-68

Calendar year	Title I P.L. 480			Public Law 1180 and Barter			Mutual Security and A.I.D. programs			Total under Government programs			Exports under Government programs as percentage of total exports		
	Foreign currency sales	Long-term dollar credit sales	Barter sales	Total	Barter sales	Total	Mutual Security and A.I.D. programs	Total	unmanufactured tobacco exports	Total under Government programs	Mutual Security and A.I.D. programs	Total	unmanufactured tobacco exports	Total	unmanufactured tobacco exports
Quantity (export weight)															
1955	43.8	---	---	43.8	---	43.8	2.3	46.1	540.3	540.3	540.3	8.5	8.5	8.5	8.5
1956	71.2	---	---	71.2	---	71.2	4.3	75.5	510.4	510.4	510.4	14.8	14.8	14.8	14.8
1957	35.8	---	---	35.8	---	35.8	---	35.8	501.0	501.0	501.0	7.1	7.1	7.1	7.1
1958	37.9	---	0.5	38.4	---	38.4	2.6	41.0	481.8	481.8	481.8	8.5	8.5	8.5	8.5
1959	56.5	---	19.5	76.0	---	76.0	5.5	81.5	465.6	465.6	465.6	17.3	17.3	17.3	17.3
1960	31.2	---	27.3	58.5	---	58.5	22.8	81.3	496.1	496.1	496.1	16.4	16.4	16.4	16.4
1961	26.0	---	61.3	87.3	---	87.3	20.5	107.8	501.0	501.0	501.0	21.5	21.5	21.5	21.5
1962	28.5	0.4	50.3	79.2	0.4	79.2	0.4	79.6	468.9	468.9	468.9	17.0	17.0	17.0	17.0
1963	35.6	3.4	14.9	53.9	---	53.9	---	53.9	505.5	505.5	505.5	10.7	10.7	10.7	10.7
1964	37.9	3.5	19.5	60.9	4.3	60.9	4.3	65.2	514.5	514.5	514.5	12.7	12.7	12.7	12.7
1965	29.7	2.9	54.9	87.5	1.7	87.5	1.7	89.2	468.1	468.1	468.1	19.1	19.1	19.1	19.1
1966	25.8	1.0	86.0	112.8	4.3	112.8	4.3	117.1	551.2	551.2	551.2	21.2	21.2	21.2	21.2
1967	17.4	5.9	91.4	114.7	2.5	114.7	2.5	117.2	572.3	572.3	572.3	20.4	20.4	20.4	20.4
1968 1/	20.1	12.1	2/92.7	124.9	3/6	124.9	3/6	4/125.5	598.9	598.9	598.9	21.0	21.0	21.0	21.0
Value															
1955	31.3	---	---	31.3	---	31.3	0.6	31.9	356.2	356.2	356.2	9.0	9.0	9.0	9.0
1956	48.5	---	---	48.5	---	48.5	2.3	50.8	333.5	333.5	333.5	15.2	15.2	15.2	15.2
1957	26.6	---	---	26.6	---	26.6	---	26.6	359.1	359.1	359.1	7.4	7.4	7.4	7.4
1958	28.3	0.4	0.4	28.7	1.5	28.7	1.5	30.2	354.4	354.4	354.4	8.5	8.5	8.5	8.5
1959	41.6	---	11.3	52.9	3.5	52.9	3.5	56.4	346.2	346.2	346.2	16.3	16.3	16.3	16.3
1960	22.0	---	21.0	43.0	17.8	43.0	17.8	60.8	379.3	379.3	379.3	16.0	16.0	16.0	16.0
1961	20.4	---	35.2	55.6	16.5	55.6	16.5	72.1	390.9	390.9	390.9	18.4	18.4	18.4	18.4
1962	22.2	0.6	31.1	53.9	3.3	53.9	3.3	54.2	373.4	373.4	373.4	14.5	14.5	14.5	14.5
1963	25.1	2.9	9.1	37.1	---	37.1	---	37.1	403.1	403.1	403.1	9.2	9.2	9.2	9.2
1964	24.3	3.7	11.9	39.9	2.8	39.9	2.8	42.7	412.9	412.9	412.9	10.3	10.3	10.3	10.3
1965	19.4	2.5	38.8	60.7	1.4	60.7	1.4	62.1	382.7	382.7	382.7	16.2	16.2	16.2	16.2
1966	19.2	0.8	65.7	85.7	3.8	85.7	3.8	89.5	481.5	481.5	481.5	18.6	18.6	18.6	18.6
1967	15.2	4.5	79.9	99.6	2.0	99.6	2.0	101.6	498.9	498.9	498.9	20.4	20.4	20.4	20.4
1968 1/	17.3	10.2	2/92.4	119.9	3/6	119.9	3/6	4/120.5	524.3	524.3	524.3	23.0	23.0	23.0	23.0

1/ Preliminary. Total unmanufactured tobacco exports include CCC credit sales (credits for relatively short periods); these sales were (million pounds): 1963, 1.0; 1965, 0.3; 1966, 15.8; 1967, 10.8; 1968, 13.5. 2/ Includes 343,000 pounds worth \$249,000 for strategic materials under Title III, P.L. 480. 3/ Estimated. 4/ See text for tobacco products credit sales.

Table 13.--United States imports for consumption of unmanufactured tobacco, from principal supplying countries, for specified periods

Classification and country of origin	(Declared weight)						1968 as a percentage of 1967
	Average 1960-64	1965	1966	1967 1/	1968 1/		
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.		
Cigarette leaf							
Oriental (unstemmed):							
Turkey	78.4	83.6	84.3	92.8	98.1	106	
Greece	31.7	36.0	36.6	37.6	41.4	110	
Yugoslavia	7.8	12.9	11.4	13.2	16.0	121	
Italy	1.7	1.4	.5	.4	.1	25	
Cyprus	.8	.8	.7	.7	.5	71	
Syria	.6	.2	.3	.4	.4	100	
Total 2/	123.6	137.9	137.1	151.1	162.6	108	
Flue-cured and burley	3/.3	.3	1.0	1.6	2.0	125	
Scrap:							
Turkey	.9	1.3	1.4	3.3	6.6	200	
Greece	.1	0	4/	.1	1.6	---	
Cigar wrapper (unstemmed):							
Cuba	.4	4/	4/	4/	0	---	
Cameroon Republic	4/	.1	.1	.1	.3	300	
Honduras	4/	.1	.1	.1	.1	100	
Total 2/	.5	.2	.3	.5	.8	160	
Cigar leaf (filler)							
Cuba:							
Stemmed	3.3	.2	.2	.1	.2	200	
Unstemmed	2.9	.6	.2	.3	.1	33	
Philippine Republic:							
Stemmed	.4	4/	4/	.1	0	---	
Unstemmed	.1	4/	.1	.2	.1	50	
Colombia	.3	.1	.6	.5	.7	140	
Brazil	.4	.6	.6	.5	.8	160	
Paraguay	.2	.4	.2	4/	.1	---	
Dominican Republic	.5	.8	.7	1.2	.8	67	
Mexico	.3	1.0	1.3	.8	.9	112	
Total 2/	8.7	4.3	5.0	5.3	5.6	106	
Scrap:							
Cuba	7.7	1.6	1.4	.7	.2	29	
Philippine Republic	11.5	14.1	17.1	16.7	19.1	114	
Peru	.5	.3	.2	.3	.7	233	
Colombia	3.6	5.5	3.9	3.2	3.8	119	
Dominican Republic	3.8	7.6	3.3	4.2	6.1	145	
Netherlands	.1	4/	.2	4/	.1	---	
Indonesia	.8	1.3	.9	1.1	1.3	118	
Brazil	1.2	3.6	3.5	3.1	4.1	132	
Argentina	.2	.4	.3	.8	.6	75	
Paraguay	.3	.9	1.4	1.8	1.1	61	
Total 2/	30.5	37.6	34.2	34.8	40.6	117	
Total imports 2/	165.1	182.6	179.3	197.1	221.5	112	

1/ Preliminary. 2/ Includes relatively small quantities from other countries not separately listed.
 3/1961-64 average. 4/ Less than 50,000 pounds. 5/ Includes stems not cut, ground, or pulverized. Detail may not add to total, due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 14.--United States general imports of tobacco from principal supplying countries, for specified periods

Classification and country of origin	(Declared weight)					1968 as a percentage of 1967
	Average	1965	1966	1967	1968	
	1960-64	1965	1966	1967	1968	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Pct.
Cigarette leaf						
Oriental (unstemmed):						
Turkey	86.8	79.8	124.6	132.5	118.9	90
Greece	36.1	35.7	34.1	51.9	39.4	76
Other countries	16.3	14.0	24.9	27.7	20.6	74
Total	139.2	129.5	183.7	212.1	178.9	84
Flue-cured and burley	.4	1.0	1.8	1.9	7.9	416
Scrap:						
Turkey	.9	7.0	4.6	10.2	11.8	116
Greece	1/ .3	2/	0	1.2	3.1	258
Cigar wrapper (unstemmed):						
Cuba 3/	.3	0	0	0	0	---
Cameroon Republic	.1	.1	.1	.1	.4	400
Honduras	2/	.1	.1	.3	.1	33
Total 4/	.4	.4	.3	.8	.9	112
Cigar filler (stemmed):						
Cuba 3/	3.0	0	0	0	0	---
Philippine Republic	.8	2.2	2/	.1	0	---
Brazil	.5	.2	.5	.3	.3	100
Mexico	.1	.5	.7	.6	.5	83
Dominican Republic	.1	.9	.1	.5	1.1	220
Honduras	.1	.2	.3	.5	.7	140
Total 4/	4.8	4.2	1.9	2.2	2.7	123
Cigar filler (unstemmed):						
Cuba 3/	8.4	0	0	0	0	---
Philippine Republic	.3	.8	1.0	.7	3.0	429
Dominican Republic	8.6	2.5	.6	5.1	8.9	175
Colombia	8.2	7.0	4.2	5.0	5.4	108
Brazil	3.2	9.3	1.3	2.2	5.1	232
Paraguay	1.0	1.8	.5	2.0	2.6	130
Indonesia	2.3	2.5	.1	.9	.5	56
Netherlands	.3	0	2/	.1	.1	100
Peru	.1	2.1	0	0	.1	---
Argentina	.4	.2	.1	.1	2.0	---
Mexico	.7	2.3	3.0	2.3	1.6	70
Jamaica	.1	2/	2/	2/	2/	---
Total 4/	33.9	29.6	12.1	20.2	30.6	151
Scrap:						
Cuba 3/	3.7	0	0	0	0	---
Philippine Republic	11.5	23.9	15.5	10.7	20.1	188
Dominican Republic	.4	1.0	.2	.6	1.7	283
Colombia	2/	0	2/	.1	.1	100
Brazil	.3	.1	.3	2/	2/	---
Paraguay	.1	.1	.4	.1	2/	---
Indonesia	.1	2/	2/	.7	.2	29
Netherlands	.1	2/	2/	2/	.1	---
Argentina	.3	.1	.1	.1	.3	300
Honduras	2/	.1	.1	.1	.1	100
Other countries	.5	.6	.5	2.6	3.2	123
Total	17.0	25.9	17.0	14.9	25.8	173
Total cigar tobacco	56.2	60.1	31.4	38.1	60.0	157
Grand total 5/	197.0	198.0	221.7	263.8	262.6	100

1/ 1960-61 average. 2/ Less than 50,000 pounds. 3/ For 1960-61 (pre-embargo) years, average imports were wrapper, 0.7 million pounds; stemmed filler, 6.8 million; unstemmed filler, 19.3 million; and scrap, 8.4 million. 4/ Includes quantities from other countries not separately listed. 5/ Includes stems not cut, ground, or pulverized. Detail may not add to total, due to rounding.

Note: General imports include all arrivals in the United States as distinguished from "imports for consumption."

Table 15.--U.S. imports of cigarette leaf (Oriental), for consumption and general, and average values per pound, 1957-68 1/

Year	Quantity					Average value per pound <u>2/</u>					
	Turkey		Greece		Other	Total	Turkey		Greece		All countries
	Mil.	lb.	Mil.	lb.	Mil.	lb.	Ct.	Ct.	Ct.	Ct.	Ct.
	Imports for consumption										
1957	60.0	23.3	7.9	91.2	70.2	86.9	62.8	73.8			
1958	65.1	28.5	11.0	104.6	71.1	82.2	62.3	73.2			
1959	69.6	31.6	10.7	111.9	69.9	81.1	63.2	72.4			
1960	74.3	32.3	12.1	118.7	67.6	81.2	66.5	71.2			
1961	78.7	34.4	12.4	125.5	62.6	80.0	61.5	67.2			
1962	82.4	32.1	12.3	126.8	55.2	75.3	59.3	60.7			
1963	84.5	28.8	15.1	128.4	54.4	77.8	59.0	60.2			
1964	72.3	30.9	15.2	118.4	60.9	92.2	66.1	69.7			
1965	83.6	36.0	18.3	137.9	67.2	97.7	75.0	76.2			
1966	84.3	36.6	16.2	137.1	71.3	92.4	74.1	77.3			
1967	92.8	37.6	20.7	151.1	64.9	85.6	69.0	70.6			
1968	98.1	41.4	23.1	162.2	63.2	86.2	69.0	69.9			
General imports											
1957	96.3	32.8	9.5	138.6	69.0	80.9	66.6	71.6			
1958	51.4	34.8	11.1	97.3	69.7	78.2	67.1	72.5			
1959	94.9	31.1	13.2	139.2	64.9	75.5	60.4	66.8			
1960	69.8	29.2	13.7	112.7	57.6	74.8	61.7	62.5			
1961	111.7	46.2	17.1	175.0	51.4	70.3	58.3	57.1			
1962	116.8	17.0	21.3	155.1	53.4	80.3	62.5	57.6			
1963	67.4	41.7	11.0	120.1	70.1	98.7	70.1	80.0			
1964	68.1	46.4	18.7	133.2	76.2	93.0	77.1	82.2			
1965	79.8	35.7	14.0	129.5	69.0	83.4	74.2	73.6			
1966	124.6	34.1	25.0	183.7	61.1	87.3	69.0	67.1			
1967	132.5	51.9	27.7	212.1	63.0	83.3	62.1	67.8			
1968	118.9	39.4	20.6	178.9	63.4	78.0	65.5	66.8			

1/ Imports for consumption consist of direct entries plus quantities withdrawn from bonded storage. Imports for consumption are usually taken as a measure of manufacturers' use. General imports consist of direct entries plus quantities placed in bonded storage. 2/ Average values per pound of imports for consumption exclude the import duty, which amounted to 12-3/4 cents per pound during most of the period shown. For changes in the import duty under the "Kennedy Round" trade negotiations, see the September 1967 Tobacco Situation, page 29.

As a result of sizable imports, stocks of imported cigarette and smoking tobacco in the United States on January 1, 1969, were a new record for that date--416 million pounds (farm-sales weight), 3 percent above a year earlier. U.S. stocks of imported cigar leaf were also substantially larger. Foreign-grown cigar tobacco stocks, by country of origin, are shown on page 45.

FOREIGN PRODUCTION AND EXPORTS

Production and Sales

Canada's flue-cured crop was an estimated 212 million pounds last year, 4 percent above 1967. Auction sales in Ontario began November 7 and totaled 177 million pounds through March 7. Prices averaged the equivalent to about 67 U.S. cents a pound, $1\frac{1}{2}$ cents more than last season on about the same quantity of marketings.

In Zambia, the flue-cured crop for 1969 is forecast at 14 million pounds, about the same as last season. But this year's crop was grown on a larger acreage and the weight is reported to be light because of heavy rainfall.

Unfavorable weather conditions have very likely affected Rhodesia's flue-cured crop for 1969, but no official information is available on its size. The output target may be the same as the 132-million pound goal for 1968. Growers have been guaranteed an average return equivalent to about 29 U.S. cents a pound. This is reduced from last year's guarantee. Auction sales of the crop usually begin in April. A large unsold carryover has accumulated from previous years. As of mid-March, the production goal for next season is not less than the 1968 grower sales, but sales in the past 3 years fell below the target. A price-support level had not been announced for the 1969/70 season.

Countries producing oriental tobacco had smaller crops last season. Markets opened in Turkey in late January, and in Greece in late March. The new crop in

Turkey is selling a little above last year, although sizable surpluses remain from prior crops.

1968 Trade by Major Exporters

Canada's flue-cured exports gained 9 percent in January-October 1968 to reach $41\frac{1}{2}$ million pounds. The United Kingdom, the major destination, as well as other Commonwealth countries increased takings.

For India, flue-cured exports in January-September 1968 were 81 million pounds, about the same as a year earlier. The United Kingdom increased its takings and accounted for nearly three-fifths of the total. The Soviet Union, Japan, and East Germany were other leading destinations.

Turkey's exports of oriental tobacco in January-November 1968 were $147\frac{1}{2}$ million pounds, 8 percent less than a year earlier. The United States reduced takings 7 percent and accounted for nearly two-thirds of the total. Hungary, Poland, and Japan also took less. Shipments to EEC countries gained.

Oriental tobacco exports from Greece last year totaled 158 million pounds, 11 percent below 1967. Shipments to the United States fell back sharply to more normal after a big gain in 1967. Exports to East European countries also declined. Consignments to the EEC increased with shipments to West Germany reaching 57 million pounds, the largest country total.

FOREIGN MARKET DEVELOPMENTS

U.K. Imports Gain in 1968

Imports of unmanufactured tobacco into the United Kingdom in 1968 totaled 328 million pounds--one-sixth more than 1967 and the largest arrivals since 1961. Receipts from the United States in 1968 jumped sharply (tables 16 and 17). A little less tobacco came from India and Canada last year but the gains from Pakistan and Tanzania were significant. They had been minor sources of supply prior to the cessation of imports from Rhodesia.

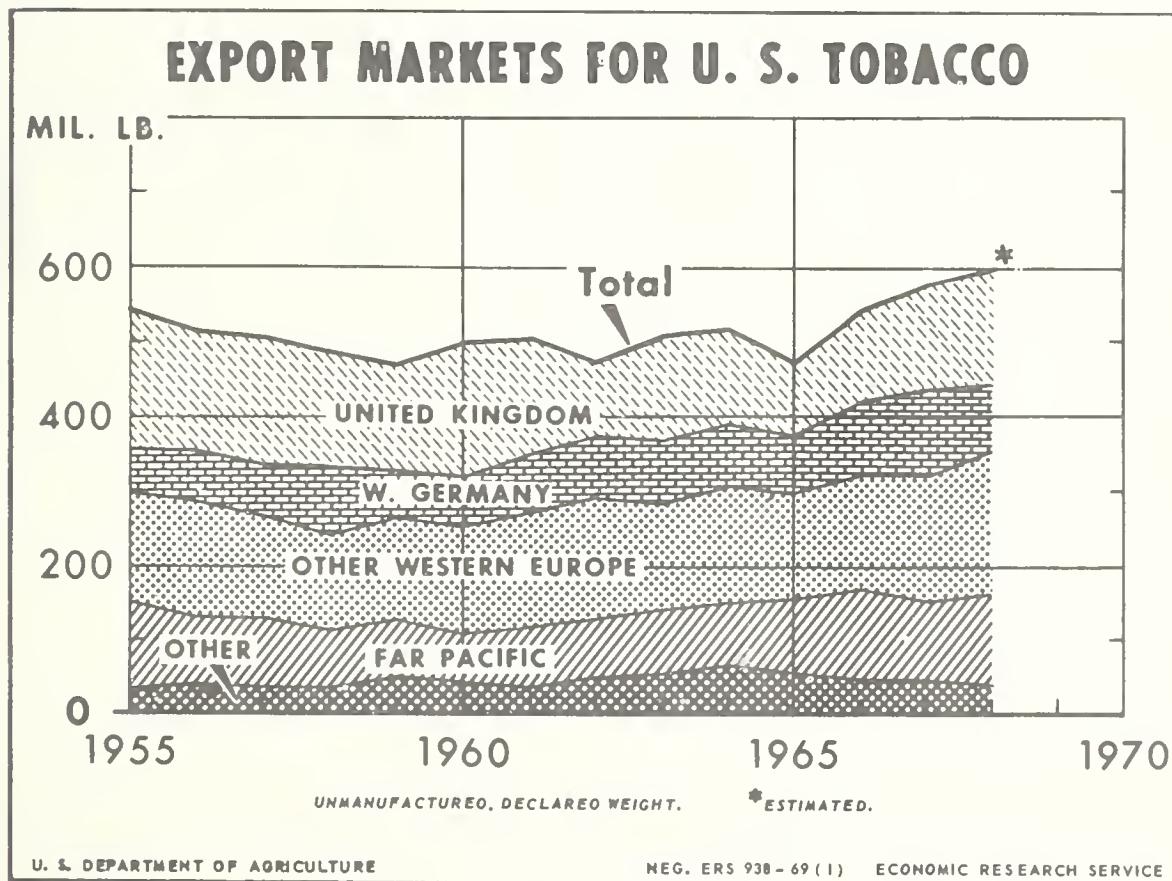
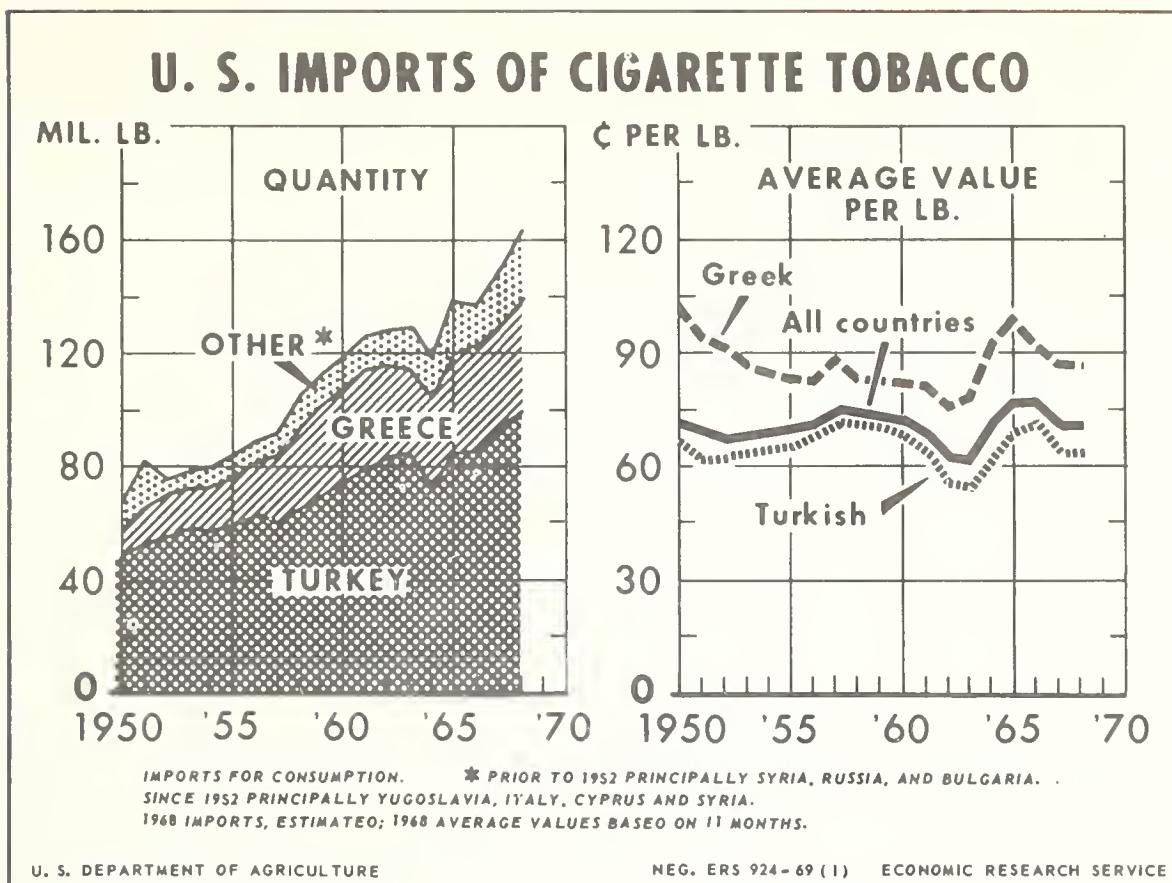


Table 16.—United Kingdom tobacco: Imports, stocks, clearances, and exports for specified periods

Period	Imports <u>1/</u>			Gross clearances from bond <u>4/</u>			Exports <u>of unmanufactured tobacco</u>		
	Total	From U.S.	From Commonwealth countries	Stocks Dec. 31 <u>2/</u>	Total	Nonpreferential <u>2/</u>	Preferential <u>2/</u>	Stemmed	Unstemmed
		Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1950	306	144	146	445	271	180	91	50	221
1951	355	212	131	498	287	183	104	50	237
1952	224	67	143	430	280	172	108	45	235
1953	316	174	127	452	283	167	116	45	238
1954	312	160	139	468	290	168	122	45	245
1955	344	179	149	507	298	173	125	50	248
1956	318	160	146	523	300	173	127	59	241
1957	319	168	141	529	304	169	135	69	235
1958	316	164	145	529	310	172	138	74	236
1959	300	140	155	509	315	171	144	78	237
-	365	178	180	538	319	167	152	88	231
1960	345	157	182	563	317	161	156	100	217
1961	280	106	168	540	307	153	154	107	200
1962	325	145	174	536	313	154	159	125	188
1963	313	123	181	541	308	146	162	157	151
1964	284	91	184	520	298	130	168	191	107
1965	262	133	110	464	301	132	169	218	32
1966	280	133	125	435	305	148	157	*237	35
1967	328	165	134	448	308	168	140	n.a.	38
1968 <u>2/</u>									44

Period	Percentage change							
	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
	Average:							
1957-59 to 1968	5.1	5.1	-8.8	-14.2	-.6	-1.8	.7	---
1967 to 1968	17.1	24.1	7.2	3.0	1.0	13.5	-10.8	---
								12.8
							15.8	33.3
								100.0

1/ Unmanufactured tobacco. 2/ The full duty rate on tobacco from the United States and other non-preferential areas is about 2 percent above the preferential rate on tobacco from Commonwealth areas. 3/ Beginning with 1957, stocks not strictly comparable with prior years. 4/ Largely withdrawals for manufacture for home use and export. 5/ Subject to revision. * December 1967 estimated. n.a.—not available.

Compiled from official United Kingdom sources.

Table 17.--Unmanufactured tobacco imports into the United Kingdom from major sources, average 1950-54, annual 1955-68

Period	United States	Rhodesia, Zambia, and Malawi	India	Canada	Turkey	Greece	Other	Total
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Average:								
1950-54	151.3	72.0	38.8	23.8	4.0	1.1	11.5	302.5
1955	178.6	72.1	36.4	40.0	3.1	1.5	12.0	343.7
1956	160.3	84.4	40.0	21.7	2.6	1.4	8.0	318.4
1957	168.1	79.9	35.6	25.6	2.5	1.1	5.9	318.9
1958	163.9	74.6	44.7	23.4	1.0	.5	7.9	316.0
1959	140.1	86.8	37.4	29.7	.2	.4	5.7	300.3
1960	178.5	105.5	42.7	30.2	.4	.1	7.2	364.6
1961	157.1	102.0	43.6	34.8	.3	.4	7.1	345.3
1962	105.8	91.9	39.9	35.5	.1	.5	6.7	280.4
1963	145.1	101.3	39.5	32.3	.3	.1	6.0	324.6
1964	122.9	104.8	35.3	40.1	.9	.5	8.2	312.6
1965	90.9	1/ 107.6	36.2	36.6	.1	.4	12.6	284.4
1966	132.7	1/ 32.6	31.3	40.2	1.3	.8	23.2	262.1
1967	132.6	1/ 13.1	54.6	46.0	.5	.1	32.7	279.6
1968 2/	164.6	1/ 15.6	52.1	44.5	*	.3	51.3	328.4
Percentage change								
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Average:								
1957-59								
to 1968	4.6	-80.6	32.9	69.8	---	-57.1	689.2	5.4
1967 to 1968	24.1	19.1	-4.6	-3.3	---	200.0	54.5	17.4
Percentage distribution								
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Average:								
1950-54	48.6	24.4	13.1	8.3	1.3	.4	3.9	100.0
1955	52.0	21.0	10.6	11.6	.9	.4	3.5	100.0
1956	50.4	26.5	12.6	6.8	.8	.4	2.5	100.0
1957	52.8	25.0	11.2	8.1	.8	.3	1.8	100.0
1958	52.0	23.6	14.1	7.4	.3	.2	2.4	100.0
1959	46.7	28.9	12.4	9.9	.1	.1	1.9	100.0
1960	49.0	28.9	11.7	8.3	.1	---	2.0	100.0
1961	45.5	29.5	12.6	10.1	.1	.1	2.1	100.0
1962	37.7	32.8	14.2	12.7	---	.2	2.4	100.0
1963	44.7	31.2	12.2	9.9	.1	---	1.8	100.0
1964	39.3	33.5	11.3	12.8	.3	.2	2.6	100.0
1965	32.0	37.8	12.7	12.9	---	.1	4.5	100.0
1966	50.7	32.4	11.9	15.3	.5	.3	8.9	100.0
1967	47.4	4.7	19.5	16.5	.2	---	11.7	100.0
1968	50.2	4.7	15.9	13.5	---	.1	15.6	100.0

1/ Imports from Rhodesia amounted to 81.7 million pounds in 1965; 15.2 million in 1966; zero in 1967 and 1968. 2/ Preliminary. * Less than 50,000 pounds. Basic data compiled from official United Kingdom sources.

As usual, flue-cured tobacco made up over nine-tenths of 1968 British tobacco imports. Here are some details on flue-cured imports:

<u>Source</u>	<u>Mil. lb.</u>	<u>Stemmed</u>	<u>share of total</u>
		<u>Percent</u>	
United States	163	95	
India	50	100	
Canada	44	96	
Zambia and Malawi	10	78	
South Africa	13	41	
Pakistan	10	100	
Tanzania	8	65	
Other countries	<u>12</u>	<u>67</u>	
All countries	310	91	

The 1968 gross clearances of tobacco from bond in the United Kingdom--an approximate measure of home use and exports combined--increased 1 percent over 1967. The 1968 gross clearances of flue-cured from main countries of origin were:

<u>Source</u>	<u>Mil. lb.</u>	<u>Change</u>	<u>Mil. lb.</u>
		<u>from 1967</u>	
United States	146.7	+11.7	
Rhodesia	23.7	-24.5	
Canada	44.8	-3.1	
India	43.5	+3.4	
Zambia and Malawi	8.7	+3.3	
Other Commonwealth and South Africa	<u>18.2</u>	<u>+7.0</u>	
Total	285.6	-2.2	

Net clearances of tobacco from bond (the measure of home consumption) totaled $238\frac{1}{2}$ million pounds. They were down 0.8 percent from 1967, and 8 percent below the 1960 peak. Contributing to the lower levels in recent years have been the sharply higher proportion in stemmed form (providing more usable leaf from the same weight of tobacco) and the growth in popularity of filter tip cigarettes (which generally use less tobacco per unit than nonfilter tips).

The number of cigarettes sold in 1968--a record 122 billion--was 2 percent

above 1967. The tobacco weight of 1968 cigarette sales was 0.5 percent below 1967.

U.K. exports of cigarettes last year were the highest since 1956, rising 9 percent above 1967. Exports to Commonwealth countries last year totaled about the same as in 1967, but those two other destinations rose by one-eighth. Kuwait, the largest market, took less, but Saudi Arabia became the second largest market; it had previously taken an insignificant quantity.

With a higher level of imports in 1968, U.K. stocks of unmanufactured tobacco at the end of 1968 represented about $17\frac{1}{2}$ months' usings (as measured by gross clearances), compared with 17 in 1967 and the 1962-66 average of 20. Flue-cured stocks, at 400 million pounds, were 1 percent above a year ago. The decline in flue-cured stocks since 1966 ended in the second half of 1968 when holdings from the United States, India, and other countries gained to offset the decline in holdings of Rhodesian tobacco:

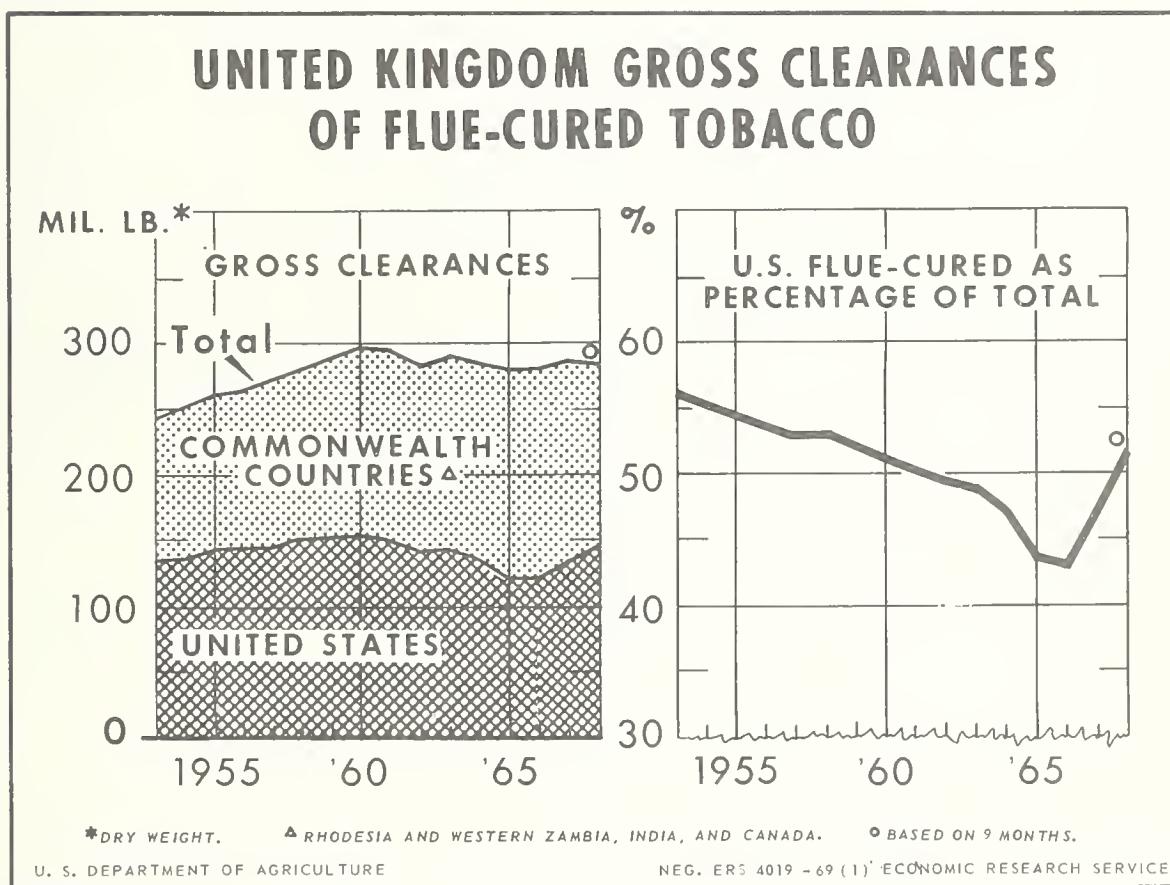
Country of origin	December 31			
	: : : : Change			
	: 1966:1967:1968: from			
	: : : : 1967			
	: Million pounds			
United States	: 219	219	224	+5
India	: 45	55	63	+8
Canada	: 52	49	48	-1
Zambia and Malawi	: 11	14	15	+1
Rhodesia	: 86	37	13	-24
Other Commonwealth and South Africa	: 15	21	38	+17
Total	: 428	395	401	+6

EEC Takings Decline

In contrast to the United Kingdom, EEC countries draw tobacco from a wider range of countries. The United States is still the largest source of tobacco, but with a smaller share than in the United Kingdom.

Imports of unmanufactured tobacco into West Germany during the first 10 months of 1968, at 234 million pounds, were 8 million less than the same period a year earlier. Imports from the United States declined 11 million pounds, and those from Indonesia fell 10 million pounds, but imports from Greece, Bulgaria, Brazil, Italy, South Korea, Argentina, and Poland were all greater than in 1967.

The EEC countries are still considering the proposed Common Agricultural Policy for tobacco. The high level of proposed internal protection means the share of the market supplied by Common Market countries, associated overseas areas, and Greece and Turkey would rise, and a smaller share would result for the United States and other suppliers.



TOBACCO LEAF SITUATION AND OUTLOOK

HIGHLIGHTS

Supply Continues To Fall

The supply of domestic leaf tobacco in 1968/69, at 5.8 billion pounds, was 300 million pounds below the previous year. As the smaller 1968 crop moved off the farms into warehouses or export channels, nonfarm leaf stocks on January 1 were 7 percent lower than a year earlier. All domestic types shared in the decline.

With prospects for cigarette output and leaf exports to hold at last year's high levels, carryover stocks at the end of this current marketing year likely will drop about 300 million pounds below the 4.1 billion pounds at the beginning.

Prospective Acreage Up

Following a year of reduced acreage and reduced yield over much of the tobacco belt, growers plan 5 percent more acreage. Flue-cured accounts for most of the increase although small gains are indicated for fire-cured and dark air-cured. The effective poundage quota for flue-cured is up about 11 percent from last year's quota. Growers plan to take advantage of most of the increase since intended acreage is up 9 percent. Burley and Maryland acreage is expected to be about the same. Declines are indicated for most cigar types. All types of tobacco except Southern Maryland, Pennsylvania seedleaf, shade-grown cigar wrapper, and perique are under quotas this year. Basic allotments were increased for Virginia fire-cured and Connecticut binder; others were unchanged from 1968.

Table 18.--Computations of price support level adjustment factor for tobacco, 1960-69

Crop year	Parity index 1/		Price support level adjustment factor 3/
	Previous calendar year	3-year average 2/	
----- 1910-14=100 ----- 1959=100 -----			
1960	298	293	4/
1961	300	297	100
1962	302	300	101
1963	307	303	102
1964	312	307	103
1965	313	311	104
1966	321	315	106
1967	334	323	108
1968	342	332	111
1969	354	343	115

1/ Index of prices paid by farmers, including wage rates, interest, and taxes.

2/ 3 calendar years immediately preceding.

3/ 3-year average parity index divided by 1959 parity index.

4/ Act of February 20, 1960 set the 1960 price support at the 1959 level.

Table 19.--Marketing quota referendums, by kinds of tobacco

Kind (type numbers in parentheses) and basis of quotas <u>1/</u>	Date	Last referendum			Next referendum		
		Crops to which applicable	Number voting	Percentage voting in favor of quota <u>2/</u>	Probable date <u>3/</u>	Crops to which applicable	
Flue-cured (11-14) Acreage-poundage	July 18, 1967	1968-70	162,314	96.5	Dec. 1970	1971-73	
Burley (31) Acreage allotments Acreage-poundage	Feb. 26 - Mar. 1, 1968 Feb. 27 - Mar. 3, 1967	1968-70 1967-69	299,696 341,539	97.0 58.8	Feb. 1971	1971-73	
Maryland (32)	Feb. 19-23, 1968	1968-70	5,882	56.2	Feb. 1971 <u>4/</u>	1971-73	
Fire-cured (21-23)	Feb. 13-17, 1967	1967-69	13,783	93.5	Feb. 1970	1970-72	
Dark air-cured (35-36)	Feb. 13-17, 1967	1967-69	13,695	93.0	Feb. 1970	1970-72	
Va. sun-cured (37)	Feb. 26 - Mar. 1, 1968	1968-70	786	93.4	Feb. 1971	1971-73	
Pa. filler (41)	Feb. 19-23, 1968	1968-70	2,034	19.1	Feb. 1971 <u>4/</u>	1971-73	
Cigar binder (51-52)	Feb. 24-27, 1969	1969-71	462	92.0	Feb. 1972	1972-74	
Cigar filler and binder (42-44, 53-55)	Feb. 24-27, 1969	1969-71	4,813	84.6	Feb. 1972	1972-74	

1/ Quotas based on acreage allotments unless otherwise specified. 2/ A majority of two-thirds or more of farmers voting is required for marketing quotas to become effective under the acreage allotment program or acreage-poundage program. 3/ Probable month, but referendums can occur earlier if warranted by pertinent considerations. 4/ Unless at least a fourth of the growers petition the Secretary in the interim.

Based on an average yield per acre, with allowance for trend, production of all types of tobacco from this year's intended acreage would be 1.9 billion pounds, compared with about 1.7 billion last year. This level can be achieved with a reasonably favorable season. A crop of this size plus the tentative carryover suggests a 1969/70 supply a little under this year's level.

1969 Price Support Program Announced

The 1969-crop price support loan program for tobacco, announced March 17, is similar to the one in effect for many years. Support level is increased about 3.6 percent over 1968. Price support will be made available to producers through non-recourse loans to producer associations.

The increase in 1969 support levels is required by law and reflects higher prices paid for goods and services bought by farmers during the past 3 calendar years (1966-68) as compared with 1959.

FLUE-CURED

Domestic Use Estimate Steady

Domestic disappearance of flue-cured tobacco (types 11-14) during 1968/69 is expected near the level of the past 2 seasons--687 million pounds. If this estimate is realized, it would still be 9 percent below the 1962-66 marketing-year average (table 20). During the first half of this marketing year, domestic disappearance was near the year-earlier level.

Several other indications point to a steady rate of use. Cigarette output during the year ending June 30, 1969, may be a little larger than a year earlier. In July-December 1968, it was 3 percent higher than in the comparable period of 1967.

Imported cigarette tobacco, which has gained in previous years, leveled at

76 million pounds in July-December 1968. Furthermore, the rate of gain in filter-tip cigarette sales has slowed. However, in some cases longer cigarette filters and smaller cigarette diameters are reducing tobacco requirements.

Dock Strike Cuts Rapid Export Pace

During the first half of 1968/69, U.S. flue-cured tobacco exports were ahead of the year-earlier period and near the high level 2 years ago. But movements were stalled by the dock strike after December 20. So for July 1968-January 1969, flue-cured exports reached 340 million pounds (farm-sales weight), 2 percent below those in the same period of 1967/68. Smaller shipments to the United Kingdom accounted for much of the decline. Heavier competition from other suppliers and completion of a U.K. stock buildup prevented any U.S. gains. Details are as follows (export weight):

Country	July-January			
	1966-	1967-	1968-	1969
	1967	1968	1968	1969
-- Million pounds --				
United Kingdom	94	84	74	
West Germany	56	41	45	
Denmark	8	6	6	
Netherlands	12	14	13	
Belgium	11	8	7	
Ireland	11	5	11	
Thailand	9	13	15	
South Vietnam	8	8	5	
Australia	11	5	11	
All Other	104	93	79	
Total	324	277	266	

For the rest of the year, U.K. takings are likely to continue to trail the year-earlier level, but despite the dock strike other countries' takings may gain. The better quality of recent crops also contributes to the high export level.

Exports for the entire 1968/69 marketing year seem likely to total slightly lower than the 534 million pounds (farm-sales weight)--shipped last marketing year. This year's total would still be the fifth largest on record.

Sharp Reduction In Carryover Likely

Based on prospects for about the same domestic use and exports, the carryover of flue-cured tobacco on July 1, 1969, is expected to be 200 to 220 million pounds below the 2,302 million of mid-1968. The anticipated carryover is about 475 million below the mid-1965 peak. Most of the carryover decline should occur in stocks under CCC loan.

In the 7 months ended February 28, 1969, there were 133 million pounds sold from Government loan stocks, compared with 73 million for all of 1967/68. Unsold loan stocks on hand March 1, 1969, were down 5 percent from a year earlier.

Larger 1969 Crop in Prospect

The 1969 national base quota is essentially the same as in 1968, but poundage allocations (reflecting last year's net undermarketings) will result in a larger crop in 1969. Undermarketings in 1968 exceeded overmarketings by a sizable margin.

According to March 1 intentions, 585,240 acres will be grown this year--9 percent more than the record low in 1968. An average yield per acre--which takes into account the restraints of farm poundage quotas--on the intended acreage indicates a 1969 production of about 1,141 million pounds. A crop this size would be about 15 percent above 1968, when many growers planted less acreage. Also, dry weather cut yields.

The larger projected crop plus the tentative smaller carryover gives a 1969/70 supply a little under the 3.3 billion pounds available in the current marketing

year. The 1969 crop will be supported at 63.8 cents per pound--2.2 cents higher than for 1968. Loan rates for individual grades will be announced later. In the past several years, price support rates by grades for tied tobacco have been 3 cents per pound higher than for untied tobacco.

BURLEY

1968/69 Supplies Lower

The 1968/69 burley tobacco supply is an estimated 1,881 million pounds, 3 percent below last year and 7 percent below the peak 4 years earlier. The October 1 carryover of 1,324 million pounds (revised) was down from a year earlier. Improved yields raised the crop. Producers' sales were 3 percent above 1967; sales were still 14 percent below the 1962-66 average (table 21).

By February 28, Government loan stocks of burley amounted to 369 million pounds (farm-sales weight), compared with 338 million a year earlier. The current marketing year is the third year of rising loan stocks, since loan placements have exceeded sales to date.

Domestic Use, Export Prospects Steady

Domestic use of burley in 1968/69 probably will equal or possibly exceed the 546 million pounds last marketing year. The revised disappearance for 1967/68 was virtually the same as in the previous year.

Prospects for steady cigarette production in 1968/69 and increased preference by manufacturers for burley in their blends, plus a little gain in smoking tobacco output, would suggest a gain in burley leaf use.

Burley exports in 1967/68 were 5 percent below those of a year earlier. In the first 4 months of the current

Table 20.--Flue-cured tobacco, types 11-14: Domestic supplies, disappearance, season average price and price support operations for specified periods

(Farm-sales weight)							
Year	Production	Stocks, July 1	Supply	Disappearance 1/			
				Total	Domestic	Exports	
Mil. lb.		Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	
1955		1,483	2,056	3,539	1,281	728	
1956		1,423	2,258	3,681	1,170	705	
1957		975	2,511	3,486	1,178	737	
1958		1,081	2,308	3,389	1,179	736	
1959		1,081	2,210	3,291	1,185	766	
1960		1,251	2,106	3,357	1,267	792	
1961		1,258	2,090	3,348	1,267	782	
1962		1,408	2,081	3,489	1,208	777	
1963		1,371	2,282	3,653	1,267	769	
1964		1,388	2,386	3,774	1,219	775	
1965		1,059	2,555	3,614	1,175	752	
1966		1,108	2,439	3,547	1,274	687	
1967		2/1,250	2,273	3,523	1,221	687	
1968 3/		2/1,000	2,302	3,302		534	
				Placed under Government loan			
				Quantity	Percentage of crop	Remaining in Government loan stocks on February 28, 1969 5/	
Ct.		Ct.	Mil. lb.	Pct.	Mil. lb.		
1955		52.7	48.3	298.9	20.2	0	
1956		51.5	48.9	319.9	22.5	0	
1957		55.4	50.8	107.8	11.1	0	
1958		58.2	54.6	144.8	13.4	0	
1959		58.3	55.5	55.3	5.1	0	
1960		60.4	55.5	51.8	4.1	0	
1961		64.3	55.5	70.3	5.6	0	
1962		60.1	56.1	237.2	16.8	0	
1963		58.0	56.6	277.2	20.2	134.1	
1964		58.5	57.2	285.6	20.7	131.9	
1965		64.6	57.7	71.5	6.8	37.9	
1966		66.9	58.8	74.6	6.8	64.5	
1967		64.2	59.9	282.1	22.6	254.2	
1968		3/66.5	61.6	128.3	12.8	126.2	
1969			63.8				
Total		---	---	2,405.3	---	748.8	

1/ Year beginning July 1.

2/ Sales.

3/ Subject to revision.

4/ Through 1959--90 percent of parity price; 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years.

5/ As reported by Flue-cured Tobacco Cooperative Stabilization Corp.; the unstemmed loan stocks on the packed-weight basis average about 11 percent less than their farm-sales weight figures.

Table 21.--Burley tobacco, type 31: Domestic supplies, disappearance, season average price and price support operations for specified periods

1/ Year beginning October 1. 2/ Subject to revision. 3/ Through 1959--90 percent of parity price; 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years. 4/ Actual loan stocks on a packed-weight basis average about 11 percent less than these farm-sales weight figures. 5/ About 14 million pounds of these holdings have been sold. * Indicated by sales data.

Table 22.--Burley tobacco: Price spreads among specified grades,
average 1953-55, annual 1956-68

Period	Cents per pound lower than C4F							
	Average							
	price		C4R	B4F	B4FR	B4R	T4R	
	of C4F	X4F	C4R	B4F	B4FR	B4R	T4R	NIG
		Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
		per	per	per	per	per	per	per
		lb.	lb.	lb.	lb.	lb.	lb.	lb.
Average:								
1953-55	64	1	6	8	15	23	28	43
1956	66	1	1	1	1	1	2	14
1957	67	1	3	4	7	10	13	29
1958	70	1	2	2	3	4	7	20
1959	70	1	2	2	7	12	17	32
1960	70	1	2	2	5	9	13	25
1961	71	1	4	3	5	8	10	15
1962	71	1	4	5	10	17	22	37
1963	71	1	6	5	12	20	26	42
1964	72	1	6	5	11	18	24	40
1965	73	1	6	5	8	13	15	28
1966	74	1	6	4	9	13	13	25
1967	75	0	3	4	7	8	9	14
1968	75	1	2	2	3	4	5	10

Table 23.--Burley tobacco: Gross sales, and average price,
by States, crops of 1968 and 1967

State	1968 crop			1967 crop		
	Sales		Average	Sales		Average
			price			price
	Mil. lb.	Ct. per lb.		Mil. lb.	Ct. per lb.	
Kentucky	398.5	73.72		392.1	71.91	
Tennessee	106.7	73.58		97.4	71.88	
Virginia	25.7	73.43		23.6	71.36	
No. Carolina	17.8	73.49		15.3	69.97	
West Virginia	5.0	72.98		5.2	70.50	
Indiana	10.3	73.65		11.0	70.31	
Ohio	8.5	73.81		9.8	70.10	
Missouri	5.6	72.26		4.7	67.60	
Total all states	578.1	73.65		1/559.3	71.72	

1/ Computed from unrounded data.

marketing year (October 1968-January 1969), the 12 million pounds exported (farm-sales weight) were 2 million below a year earlier. About two-thirds of the decline was due to sharply lower exports to West Germany, normally the leading outlet. Among other leading export destinations Portugal and Belgium took less than a year earlier. Italy, Sweden, Thailand, Switzerland, the Netherlands, and the Philippine Republic took more and Denmark bought about the same.

The record high prices this past season may limit 1969 exports. Foreign burley production in 1968 declined 8 million pounds from the previous year's record.

Carryover Declining

Exports and domestic disappearance of nearly 600 million pounds last marketing year may be maintained in 1968/69, so the carryover by next October 1 will probably drop to around 1,280 million pounds, some 40 million less than last October 1. This year will mark the fourth consecutive decline in carryover. But an increasing share of carryover has been under loan.

1968/69 Average Price a New Record

The 1968 burley crop sold at a record high average price. Most grade averages were higher and general quality was better. Sales volume and crop value were higher than in 1967. Government loan placements declined somewhat in the 1968 season and industry takings gained.

Auction prices for the 1968 burley crop (including resales) averaged 73.6 cents a pound--nearly 2 cents above the previous year's record. Average gains ranged from 2 to 5 cents by States (table 23). Gross volume sold was up 4 percent.

Markets opened November 28 and the season ended March 5, at Lexington, Ky. About 79 percent of the estimated crop was sold by December 18, when markets closed for the holidays.

Quality of 1968-crop marketings was generally excellent and near best on record. Prices of most grades were up, mainly by 1 to 6 cents a pound. Prices for higher priced grades were at the loan rate while medium and lower priced grades were substantially above. As a result, price spreads between major cigarette grades and medium-and-heavy-bodied grades declined (table 22).

Growers placed 56 million pounds under loan, equal to 10 percent of estimated producers' sales. This was a smaller quantity and percentage than in the 2 previous seasons.

1969 Acreage About the Same

Farmers' March 1 intentions indicated that about 237,000 acres of burley would be grown in 1969--virtually the same as harvested last year. Acreage allotments for most farms are the same as in 1968. Based on an average yield with an allowance for trend, the 1969 burley crop would be 594 million pounds, 7 percent over 1968. The estimated 1968 average yield per acre--second highest on record--gained 3 percent over 1967, but was 4 percent below the record high in 1966.

The projected larger crop plus the indicated smaller carryover results in a 1969/70 supply about equal to the 1,881 million pounds of the current marketing year.

Acreage-poundage quotas were disapproved in referendums held in 1966 and 1967 and USDA has not submitted acreage-poundage quotas to a referendum since then.

MARYLAND

Auctions Open April 8

Auctions for the 1968 crop of Maryland tobacco (type 32) are scheduled to open April 8 and continue through June 27. Sales will also be held at the Baltimore hogshead market. Growers have

disapproved marketing quotas since 1966 so the 1968 crop will not receive Government price support.

The 1967 crop (marketed mostly in 1968) brought the second highest average price on record, 63 cents a pound. This was 30 percent above the preceding season's depressed level as quality improved substantially.

Utilization Again Exceeding Output

Based on revised October 1 stocks of 92 million pounds, the 1967/68 disappearance totaled 36 million pounds (table 24). Last year's estimated production was 33 million pounds. Domestic use of Maryland tobacco in 1968/69 may gain from the 20.3 million pounds in the past marketing year, a 4-year low. All the Government loan holdings have been sold and manufacturers are expected to use these purchases in their products.

Exports of Maryland tobacco in 1968/69 may not equal the high level of 16 million pounds (farm-sales weight) last marketing year. The past year's total spurted in the second half prior to the U.S. dock strike and after a proposed Swiss tax on tobacco products was defeated. World harvest of this kind of light air-cured tobacco in 1968 was about the same as in 1967.

During the first third of the current marketing year (October 1968-January 1969), exports of $2\frac{1}{2}$ million pounds declared weight were $1\frac{1}{2}$ million less than a year earlier. Switzerland, the principal outlet as usual, reduced its takings slightly. But 2 other important destinations, West Germany and Belgium, cut takings sharply.

1969/70 Prospects

Based on farmer's intentions as of March 1 about 30,000 acres will be grown this year--the same as in 1968. As in the past 3 years, acreage allotments are not in effect.

Based on an average yield with allowance for trend, about 33 million

pounds would be produced from the 1969 intended acreage--about the same as the estimated 1968 outturn. Carryover next January 1 will likely be below this year's $81\frac{1}{2}$ million pounds. So the 1969/70 supply projected output plus estimated carryover--may total slightly below this year's $11\frac{1}{4}$ million pounds.

FIRE-CURED

1968/69 Market Review

Better quality and record-high prices marked sales of the 1968 fire-cured crop (types 21-23). Volume was up from 1967 except in type 21. Auction sales began in early December for Virginia fire-cured and in mid-January for types 22-23. Final sales were held in March for type 22.

Most grade averages were higher. The proportion of good and fair offerings of medium brown color increased. Deliveries to associations under the Government loan program decreased sharply from those of the 1967 crop, to the lowest quantity and proportion on record.

The average price of 50.5 cents per pound paid for the 1968 crop was up 12 percent over the previous record set last season, while net sales were up 5 percent from the record low a year earlier.

Despite the small sales gain, marketing year supplies of fire-cured types are down about 10 percent from a year earlier due to smaller carryovers.

Slow Export Pace May Pick Up

During the first third of the current market year (October 1968-January 1969), exports of Kentucky-Tennessee fire-cured fell 5 million pounds to about half the year-earlier level. The Netherlands, usually accounting for over half of the total, reduced its takings sharply. Other European destinations generally maintained their takings.

Exports of Virginia fire-cured in October 1968-January 1969 also were below the year-earlier level. Norway--the leading outlet--cut its takings sharply.

Table 24.--Maryland tobacco, type 32: Domestic supplies, disappearance, season average price and price support operations for specified periods

(Farm-sales weight)						
Year	Production	Stocks	Supply	Total	Disappearance 2/	
		following Jan. 1 1/			Domestic	Exports
		Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
1955		31.5	77.5	109.0	38.6	25.7
1956		36.5	69.7	106.2	34.9	21.4
1957		38.5	69.4	107.9	37.0	25.0
1958		31.1	70.9	102.0	39.4	24.1
1959		31.2	64.2	95.4	32.3	20.4
1960		34.7	61.7	96.4	35.6	23.6
1961		38.8	60.6	99.4	32.6	20.7
1962		40.6	67.3	107.9	30.7	19.5
1963		34.5	76.6	111.1	31.0	18.5
1964		42.3	82.0	124.3	32.9	23.3
1965		38.5	90.1	128.6	35.7	24.7
1966		36.0	89.7	125.7	40.2	23.7
1967		32.4	86.3	118.7	36.0	20.3
1968 3/		33.0	81.5	114.5		
Average price per pound	Price support level 4/	Placed under Government loan			Remaining in Government loan stocks on February 28, 1969 5/	
		Quantity		Percentage of crop		
		Ct.	Ct.	Mil. lb.	Pct.	Mil. lb.
1955		50.8	No price support	6/		
1956		51.7	47.0	3.3	9.0	0
1957		44.9	48.0	5.9	15.3	0
1958		62.5	50.8	1.1	3.6	0
1959		61.6	No price support	6/		
1960		63.8	50.8	1.6	4.6	0
1961		62.0	50.8	3.7	9.5	0
1962		55.8	51.3	6.0	14.8	0
1963		43.2	51.8	10.4	30.1	2.5
1964		62.0	52.3	4.2	10.1	1.6
1965		65.5	52.8	2.7	7.0	.6
1966		48.6	No price support	6/		
1967		63.0	No price support	6/		
1968			No price support	6/	Auctions scheduled to start April 8, 1969	
1969			No price support	6/		
Total		---	---	38.9	---	**1.7

1/ For marketing quota purposes, the carryover and total supply of Maryland tobacco are calculated as of January 1 falling within the marketing year--October 1 through September 30. 2/ Year beginning October 1. 3/ Subject to revision. 4/ Through 1959--90 percent of parity price; 1960 set at 1959 level; from 1961 on, adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years. 5/ Actual loan stocks on a packed-weight basis average about 2 percent less than these farm-sales weight figures. 6/ Marketing quota not in effect since over one-third of growers voting disapproved. ** All of the holdings have been scli.

World fire-cured production in 1968 was estimated down about 8 percent from 1967. Most of the decline was in Malawi and Italy. U.S. exports were stepped up last year and for the marketing year may total close to the 34 million pounds (farm-sales weight) in 1967/68.

Snuff and twist and plug chewing tobacco output has declined. But domestic disappearance of fire-cured types in 1968/69 should stabilize after an unusually sharp drop to 18 million pounds last year (tables 25 and 26).

1969/70 Prospects and Programs

Intended acreage of fire-cured types in 1969 is 5 percent above last year, according to farmers' intentions as of March 1, with 8 percent gain for type 21 and 4 percent for types 22-23.

Acreage allotments for most farms growing types 22-23 are about the same as for 1968. Virginia fire-cured allotments were increased 10 percent.

If the yield per acre equals the average (with allowance for trend), production of the combined fire-cured types would be 41.3 million pounds--about 10 percent above 1968 crop marketings.

Carryover of fire-cured on October 1, 1969, may be around 75 million pounds--15 million less than last October 1. Such stocks, plus the projected crop, would provide a 1969/70 supply 9-10 percent below the 128 million pounds for the current year.

The 1969 crop of fire-cured will receive Government price support at an overall level of 44.6 cents a pound--1.5 cents above last year.

DARK AIR-CURED

1968/69 Market Review

Better quality and record high prices also described the sales of the 1968 crop

of dark air-cured tobacco (types 35-37). Volume was up except for type 37. First auction sales were held in early December and auctions closed the first week of February.

Most grade averages were higher. The color shifted to the more desirable medium brown and, except for Virginia sun-cured (type 37), the condition of offerings improved. Deliveries to associations under the Government loan program decreased sharply from those of the 1967 crop.

The record average price of 47.8 cents per pound paid for the 1968 crop was up 16 percent over the previous record of a year earlier while net sales rose 15 percent from the 1967 record low.

Total Supplies Steady

The 1968/69 supply of dark air-cured, at about 81½ million pounds, is the same as in 1967/68. The supply of types 35-36 is unchanged while the supply of Virginia sun-cured is down 7 percent (tables 27 and 28).

Domestic Use and Exports Lower

Plug, twist, and fine-cut chewing tobaccos are the chief domestic outlets for dark air-cured tobacco. Output of these products has been trending down and in October-December 1968 (first quarter of the current marketing year) output fell 4 percent below a year earlier.

In the first 4 months of the current marketing year (October 1968-January 1969) exports of One Sucker leaf were 531,000 pounds, 280,000 pounds above a year earlier. A large shipments went to South Vietnam (in contrast to none to that country in the corresponding period a year ago).

Exports of Green River were below a year earlier. Decreased shipments went to the United Kingdom. Australia and Belgium had none.

A large part of U.S. exports of dark air-cured tobacco is in the form of Black

Table 25--Fire-cured tobacco, type 21: Domestic supplies, disappearance, season average price and price support operations for specified periods

1/ Year beginning October 1.

2/ Subject to revision.

3/ Through 1957--75 percent of burley support; 1958-60 legal basis changed; from 1961 on adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years.

4/ Actual loan stocks on a packed-weight basis are somewhat lower than these farm-sales weight figures.

* Indicated by sales data.

Table 25.--Fire-cured tobacco, types 22-23: Domestic supplies, disappearance, season average price and price support operations for specified periods

Year	Production	(Farm-sales weight)																																																																																																																					
		Stocks, October 1		Supply	Total	Disappearance 1/																																																																																																																	
		Mil. lb.	Mil. lb.	Mil. lb.		Mil. lb.	Mil. lb.																																																																																																																
		Mil. lb.	Mil. lb.	Mil. lb.		Mil. lb.	Mil. lb.																																																																																																																
1955		54.7	110.5	165.2	52.0	24.6	27.4																																																																																																																
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1960		36.5	101.2	137.7	44.9	23.9	21.0																																																																																																																
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<table border="1"> <thead> <tr> <th rowspan="4">Average price per pound</th> <th rowspan="4">Price support level 3/</th> <th colspan="3">Placed under Government loan</th> <th colspan="2">Remaining in Government loan stocks on February 28, 1969 4/</th> </tr> <tr> <th>Quantity</th> <th>Percentage of crop</th> <th></th> <th></th> <th></th> </tr> <tr> <th>Ct.</th> <th>Ct.</th> <th>Mil. lb.</th> <th>Pct.</th> <th>Mil. lb.</th> </tr> <tr> <th>Mil. lb.</th> <th>Mil. lb.</th> <th>Mil. lb.</th> <th>Mil. lb.</th> <th>Mil. lb.</th> </tr> </thead> <tbody> <tr> <td>1955</td><td>38.4</td><td>34.6</td><td>7.9</td><td>14.4</td><td>0</td></tr> <tr> <td>1956</td><td>36.1</td><td>36.1</td><td>18.6</td><td>31.1</td><td>0</td></tr> <tr> <td>1957</td><td>36.4</td><td>38.8</td><td>13.9</td><td>33.1</td><td>0</td></tr> <tr> <td>1958</td><td>38.1</td><td>38.8</td><td>4.4</td><td>12.0</td><td>0</td></tr> <tr> <td>1959</td><td>38.3</td><td>38.8</td><td>5.3</td><td>12.3</td><td>0</td></tr> <tr> <td>1960</td><td>43.3</td><td>38.8</td><td>3.2</td><td>8.7</td><td>1.4</td></tr> <tr> <td>1961</td><td>40.2</td><td>38.8</td><td>5.1</td><td>11.8</td><td>.9</td></tr> <tr> <td>1962</td><td>38.7</td><td>39.2</td><td>8.6</td><td>19.3</td><td>2.3</td></tr> <tr> <td>1963</td><td>36.9</td><td>39.6</td><td>13.0</td><td>26.2</td><td>4.5</td></tr> <tr> <td>1964</td><td>41.0</td><td>40.0</td><td>7.2</td><td>15.7</td><td>5.3</td></tr> <tr> <td>1965</td><td>43.6</td><td>40.4</td><td>2.3</td><td>6.3</td><td>1.8</td></tr> <tr> <td>1966</td><td>42.2</td><td>41.1</td><td>6.3</td><td>15.7</td><td>4.6</td></tr> <tr> <td>1967</td><td>46.2</td><td>41.9</td><td>.8</td><td>2.7</td><td>.6</td></tr> <tr> <td>1968</td><td>*51.2</td><td>43.1</td><td>.4</td><td>1.2</td><td>.4</td></tr> <tr> <td>1969</td><td></td><td>44.6</td><td></td><td></td><td></td></tr> </tbody> </table>								Average price per pound	Price support level 3/	Placed under Government loan			Remaining in Government loan stocks on February 28, 1969 4/		Quantity	Percentage of crop				Ct.	Ct.	Mil. lb.	Pct.	Mil. lb.	1955	38.4	34.6	7.9	14.4	0	1956	36.1	36.1	18.6	31.1	0	1957	36.4	38.8	13.9	33.1	0	1958	38.1	38.8	4.4	12.0	0	1959	38.3	38.8	5.3	12.3	0	1960	43.3	38.8	3.2	8.7	1.4	1961	40.2	38.8	5.1	11.8	.9	1962	38.7	39.2	8.6	19.3	2.3	1963	36.9	39.6	13.0	26.2	4.5	1964	41.0	40.0	7.2	15.7	5.3	1965	43.6	40.4	2.3	6.3	1.8	1966	42.2	41.1	6.3	15.7	4.6	1967	46.2	41.9	.8	2.7	.6	1968	*51.2	43.1	.4	1.2	.4	1969		44.6								
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1/ Year beginning October 1.

2/ Subject to revision.

3/ Through 1957-75 percent of burley support; 1958-60 legal basis changed; from 1961 on adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years.

4/ Actual loan stocks on a packed-weight basis are somewhat lower than these farm-sales weight figures.

* Indicated by sales data.

Fat--a semiprocessed product. In October 1968-January 1969, these exports were about half the year-earlier level as most African destinations took less.

1969/70 Prospects and Programs

Farmers plan to harvest $2\frac{1}{2}$ percent more dark air-cured and about 9 percent more sun-cured in 1969 than in 1968. For most farms, acreage allotments are the same as in 1968. Based on an average yield per acre, with allowance for trend, 1969 production of dark air-cured and sun-cured would be 20.3 million pounds--about 5 percent above marketings from the 1968 crop.

The carryover of dark air- and sun-cured types on October 1, 1969, probably will total about the same as the 62 million pounds last October 1 because utilization may equal the season's marketings. The indicated carryover plus this year's projected crop, would result in 1969/70 supplies approximating the 81 million pounds for the current marketing year. The overall Government price support level for the 1969 dark air- and sun-cured crops is 39.7 cents a pound--1.4 cents above 1968.

CIGAR TOBACCO

Prices and Price Supports

Prices of cigar filler and binder tobaccos appear to have strengthened in early 1969 because of smaller carryovers and lighter crops than expected. Less 1968 tobacco moved under loan through February than a year earlier.

For 1968-crop sales, Wisconsin binder tobacco (types 54-55) averaged about 2 cents higher than for the 1967 crop. According to trade reports the 1968 Connecticut binder crop sold for about 5 cents per pound more than the 1967 crop.

Season average prices for the 1968 cigar tobacco crops are scheduled for release May 9.

Growers of Connecticut and Wisconsin binder and Ohio filler tobaccos approved marketing quotas on their next 3 crops in 2 separate referendums held February 24-27 (table 19). Therefore, Government price support will be available on the 1969, 1970, and 1971 crops of these tobaccos. For Puerto Rican cigar filler, the Government of Puerto Rico for many years allocated annual poundage quotas to growers, but allotments and quotas were not set for 1968.

The overall price support levels for the 1969 crops of these kinds of tobacco are about 3.6 percent higher than for the 1968 crops:

	Cents per pound		
	1967	1968	1969
Puerto Rican (type 46)	32.1	33.0	34.2
Conn. Valley (types 51-52)	42.8	44.0	45.5
Ohio-Wis. (types 42-44 and 54-55)	30.9	31.7	32.9

Government price support is not in effect for Pennsylvania tobacco (type 41), since growers have disapproved marketing quotas. Connecticut Valley and Georgia-Florida shade-grown cigar wrapper (types 61-62) is not covered by price support legislation.

1969 Cigar Filler and Binder Allotments

USDA set the national acreage allotments for cigar-filler and binder tobacco (types 42-44, 53-55) about 3 percent lower than for 1968 because some farms went out of production. Acreage allotments for most farms will be the same as in 1968.

Allotments for most farms growing types 51-52 are 50 percent larger than in 1968. Connecticut production in recent years has been substantially below disappearance and the present supply amounts to less than 2 years' use at current levels.

Table 27.--Dark air-cured tobacco, types 35-36: Domestic supplies, disappearance, season average price and price support operations for specified periods

(Farm-sales weight)

Year	Production	Stocks, October 1	Supply	Disappearance 1/		
				Total	Domestic	Exports
					Mil. lb.	Mil. lb.
1955	27.8	76.6	104.4	23.6	18.4	5.2
1956	30.7	80.8	111.5	34.0	23.4	10.6
1957	19.8	77.5	97.3	24.8	18.5	6.3
1958	16.1	72.5	88.6	25.0	17.5	7.5
1959	19.3	63.6	82.9	21.9	16.4	5.5
1960	18.2	61.0	79.2	22.0	17.3	4.7
1961	20.6	57.2	77.8	22.6	17.9	4.7
1962	22.5	55.2	77.7	19.5	16.5	3.0
1963	24.2	58.2	82.4	21.2	18.1	3.1
1964	22.7	61.2	83.9	22.0	18.0	4.0
1965	18.5	61.9	80.4	19.8	16.2	3.6
1966	21.3	60.6	81.9	21.4	17.0	4.4
1967	15.5	60.5	76.0	17.8	14.8	3.0
1968 2/	*18.1	58.2	76.3			
Average price per pound				Placed under Government loan		Remaining in Government loan stocks on February 28, 1969 4/
				Quantity	Percentage of crop	
	Ct.	Ct.	Mil. lb.		Pct.	Mil. lb.
1955	31.8	30.8	6.3		22.7	0
1956	34.0	32.1	6.6		21.5	0
1957	36.1	34.5	3.0		15.2	0
1958	38.4	34.5	.5		2.7	0
1959	34.5	34.5	3.7		19.2	0
1960	37.4	34.5	2.2		12.2	0
1961	37.8	34.5	1.9		9.2	.1
1962	36.2	34.8	4.1		18.2	.6
1963	33.3	35.2	8.3		34.3	.8
1964	37.0	35.5	3.7		16.3	2.8
1965	37.0	35.9	3.2		17.3	2.1
1966	37.3	36.6	4.7		22.1	4.1
1967	40.8	37.3	1.4		9.1	1.1
1968	*47.4	38.3	.7		3.9	.6
1969		39.7				
Total	---	---	50.3	---		16.2

1/ Year beginning October 1.

2/ Subject to revision.

3/ Through 1957--66 2/3 percent of burley support; 1958-60 legal basis changed; from 1961 on adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years.

4/ Actual loan stocks on a packed-weight basis are somewhat lower than these farm-sales weight figures.

* Indicated by sales data.

Table 28 .--Sun-cured tobacco, type 37: Domestic supplies, disappearance, season average price and price support operations for specified periods

1/ Year beginning October 1.

2/ Subject to revision.

3/ Through 1957--66 2/3 percent of burley support; 1958-60 legal basis changed; from 1961 on adjusted to reflect relative change between 1959 parity index and average of parity index for 3 most recent calendar years.

* Indicated by sales data.

U.S.-Puerto Rican
Supplies Lower

Supplies of U.S. and Puerto Rican cigar tobacco are down 6 percent from the past marketing year. Carryover last October was down but the 1968/69 production estimate is higher. The lower supply occurs for cigar filler and binder; wrapper supplies are about the same.

The 1968-crop loan receipts are running behind last year's placements. By the end of February, loan stocks of cigar leaf were below last year's total:

Type	: End of February		
	: : :		
	: 1967: 1968: 1969		
	: : :		
	: <u>Million pounds</u>		
Ohio, types 42-44	0.2	0.1	0
Puerto Rican, type 46	1.8	1.7	1.2
Conn. Valley, type 51	1.2	.7	.4
Conn. Valley, type 52	2.5	1.7	.9
Southern Wis. type 54	.7	.8	.2
Northern Wis. type 55	4.7	7.3	3.6
Total	11.1	12.3	6.3

March 1 grower intentions indicate smaller acreages of cigar tobacco this season. Based on average yield, the crop may be down 6 percent.

Filler: The 1968/69 supply of Pennsylvania filler is the smallest in 12 years--3 percent below 1967/68. According to intentions, the 1969 acreage would drop 5 percent below the record-low acreage of past 2 years. Based on an average yield adjusted for trend, 1969 production would be 5 percent below the 38 million pounds estimated for last year.

The year's supply of Ohio filler is record low--down 12 percent from the previous year. The 1969 prospective acreage

is down 2 percent from 1968. Allowing for trends in yields, this year's crop might be about the same as the 3.9 million pounds estimated for 1968.

The January 1, 1969, stocks of Puerto Rican tobacco (on the Island and in the U.S.) totaled $29\frac{1}{2}$ million pounds--8 million below a year earlier and about one-half of the high level 3 years earlier. The crop planted in late 1968 for harvest in early 1969 is tentatively estimated at 11 million pounds--only about a third of 1962-66 average harvest.

Imported Cigar Tobacco: In 1968, about 83 million pounds (farm sales weight equivalent) of foreign cigar tobaccos arrived in the United States--about 30 million more than in 1967, but 1 million less than the record level in 1965. The average import value of cigar filler and scrap tobacco brought in last year was 37 cents per pound. Imports from both major and minor suppliers were higher:

Country of origin	General imports (farm- sales weight equivalent)		
	: 1966 1967 1968		
	: Mil. Mil. Mil.		
	: <u>lb.</u> <u>lb.</u> <u>lb.</u>		
Philippine Rep.	26.4	18.5	36.0
Dominican Rep.	1.1	7.7	14.8
Colombia	5.2	5.9	6.4
Mexico	4.8	3.6	2.6
Brazil	2.8	3.1	6.5
Paraguay	1.2	2.5	3.1
Indonesia	.1	2.3	.9
Honduras	1.0	1.8	1.8
Argentina	.2	.2	2.8
Other	2.4	6.5	7.9
Total	45.2	52.1	82.8

At 91 million pounds (farm-sales weight) foreign cigar tobacco stocks in the United States on January 1, 1969, were 17

percent higher than a year earlier but 28 percent below the peak 3 years earlier:

Country of origin	January 1--			
	1967	1968	1969	
	:	:	:	
	---	Million pounds --		
		Farm-sales weight		
Philippine Rep.	38.4	28.2	40.0	
Dominican Rep.	9.8	9.5	11.3	
Colombia	11.1	9.3	9.6	
Brazil	12.8	8.4	9.2	
Paraguay	2.4	2.8	4.0	
Indonesia	5.1	4.6	3.6	
Cuba	5.4	3.2	2.0	
Other	11.3	11.9	11.3	
	:			
Total*	96.2	77.9	90.9	
	:			

*Based on unrounded data.

Binder: The 1968/69 supplies of Connecticut Valley binder are lowest on record--down some 5 million pounds from 1967/68. Based on farmers' intentions as of March 1, prospective acreage is 6 percent above that harvested last year, with a gain indicated for the Broadleaf type. Allowing for trend in average yields per acre, 1969 production of the Connecticut Valley binder types may gain a tenth over 1967.

This season's supplies of Wisconsin tobacco are 3 percent below 1967/68, with declines occurring in both types. The 1969 intended acreage of types 54 and 55 average 5 percent lower. Based on average yields adjusted for trend, production of the combined types may fall short of the 15 million pounds estimated for 1968.

Wrapper: Supplies of shade-grown cigar wrapper for 1968/69 are about the same as last year, though the Connecticut Valley type is lower while Georgia-Florida wrapper is higher. Prospective 1969 acreage is down 2 percent in Georgia-Florida and down 26 percent from 1968 in the Connecticut Valley, where growers cite a

declining labor force and increasing production costs. Based on average yields adjusted for trend, 1969 production in the 2 areas would total 15.9 million pounds--16 percent less than in 1968.

Domestic Use and Exports Steadying

Filler: Prospects are for about the same number of cigars to be made this year as last. Domestic disappearance of U.S.-grown filler types could rise a little from the 65 million pounds in 1967/68--an unusually low level. During the first 4 months of the current marketing year, exports were 0.4 million pounds, farm-sales weight, about the same as a year earlier. Destinations were France, South Vietnam and Canada. South Vietnam did not take any a year earlier.

Imported Tobacco: Imports are an important source of cigar filler tobacco, accounting for over half of our total use. Last year (October-September 1967/68) 75 million pounds, farm-sales weight, were used, and this year manufacturers may draw even more heavily on foreign leaf to get the desired blends.

During October 1968-January 1969, factory use of imported cigar tobacco (imports for consumption) totaled about 23 million pounds (farm-sales weight equivalent)--a little above a year earlier. Of the chief sources, imports from the Dominican Republic and the Philippines gained, while reduced imports came from Colombia and Brazil.

Binder: Sales of higher price cigars continue to gain, so domestic disappearance of Connecticut Valley binder in 1968/69 is likely to be near the 5.5 million pounds in 1967/68. Short supplies and rising prices limit use, however. During the first 4 months this season, exports of Connecticut Valley binder were below the year-earlier level, due mainly to decreased exports to West Germany, the chief destination.

Table 29.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1964-68

(Farm-sales weight)

Crop year	Supply			Disappearance			Average price per pound to growers
	Production	Beginning stocks 1/	Total supply	Total	Domestic	Exports	
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Ct.
Pennsylvania Seedleaf Filler (type 41)							
1964	45.9	138.1	184.0	54.6	54.1	0.5	27.0
1965	51.3	129.4	180.7	53.0	51.2	1.8	24.0
1966	38.5	127.7	166.2	53.9	52.4	1.5	25.0
1967	38.3	112.3	150.6	41.9	41.3	.6	28.0
1968 2/	37.8	108.7	146.5				
Ohio, Miami Valley Filler (types 42-44)							
1964	5.8	19.2	25.0	8.0	8.0	---	26.7
1965	5.4	17.0	22.4	6.2	6.2	---	26.2
1966	6.0	16.2	22.2	6.7	6.7	---	28.0
1967	3.6	15.5	19.1	6.2	6.2	---	29.0
1968 2/	3.9	12.9	16.8				
Puerto Rico Filler (type 46) 3/							
1964	37.9	51.4	89.3	26.7	26.7	---	37.2
1965	16.2	62.6	78.8	27.0	27.0	---	4/32.1
1966	12.0	51.8	63.8	23.3	23.3	---	4/31.3
1967	10.8	40.5	51.3	16.9	16.9	---	4/33.1
1968 2/	11.1	34.4	45.5				
Total Cigar Filler (types 41-46)							
1964	89.6	208.7	298.3	89.3	88.8	.5	31.3
1965	72.9	209.0	281.9	86.2	84.4	1.8	26.0
1966	56.5	195.7	252.2	83.9	82.4	1.5	26.7
1967	52.7	168.3	221.0	65.0	64.4	.6	29.1
1968 2/	52.8	156.0	208.8				
Connecticut Valley Binder (types 51-52)							
1964	5.7	22.9	28.6	7.3	5.2	2.1	47.9
1965	5.0	21.3	26.3	7.0	4.9	2.1	45.9
1966	3.8	19.3	23.1	6.8	5.2	1.6	51.2
1967	2.7	16.3	19.0	7.7	5.5	2.2	54.5
1968 2/	3.0	11.3	14.3				
Southern Wisconsin Binder (type 54)							
1964	8.7	22.9	31.6	8.9	8.9	---	32.2
1965	8.5	22.7	31.2	8.8	8.8	---	29.7
1966	7.4	22.4	29.8	9.1	9.1	---	34.3
1967	7.2	20.7	27.9	8.0	8.0	---	34.4
1968 2/	7.2	19.9	27.1				
Northern Wisconsin Binder (type 55)							
1964	11.2	24.8	36.0	9.2	8.6	.6	35.8
1965	10.8	26.8	37.6	9.4	9.1	.3	28.9
1966	8.8	28.2	37.0	7.7	7.4	.3	32.4
1967	8.9	29.3	38.2	9.3	8.9	.4	34.1
1968 2/	7.8	28.9	36.7				

See footnotes at end of table

Continued -

Table 29.--Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1964-68--Cont.

Crop year	(Farm-sales weight)							Average price per pound to growers	
	Supply			Disappearance					
	Production	Beginning stocks ^{1/}	Total supply	Total	Domestic	Exports			
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Ct.	
Total Wisconsin Binder (types 54-55)									
1964	19.9	47.7	67.6	18.1	17.5	0.6	34.2		
1965	19.3	49.5	68.8	18.2	17.9	.3	29.3		
1966	16.2	50.6	66.8	16.8	16.5	.3	33.3		
1967	16.1	50.0	66.1	17.3	16.9	.4	34.2		
1968 ^{2/}	15.0	48.8	63.8						
Total Cigar Binder (types 51-55)									
1964	25.5	70.6	96.1	25.3	22.7	2.6	37.3		
1965	24.2	70.8	95.0	25.1	22.6	2.5	32.7		
1966	20.1	69.9	90.0	23.7	21.8	1.9	36.7		
1967	18.3	66.3	85.1	25.0	22.4	2.6	37.1		
1968 ^{2/}	18.0	60.1	78.1						
Connecticut Valley Shade-grown (type 61)									
1964	13.5	13.9	27.4	13.1	10.0	3.1	250.0		
1965	14.6	14.3	28.9	12.6	9.3	3.3	250.0		
1966	13.7	16.3	30.0	14.0	10.5	3.5	295.0		
1967	9.6	16.0	25.6	12.9	9.7	3.2	260.0		
1968 ^{2/}	11.1	12.7	23.8						
Georgia-Florida Shade-grown ?type 62)									
1964	7.6	8.2	15.8	8.5	7.3	1.2	235.0		
1965	8.3	7.3	15.6	7.4	5.6	1.8	225.0		
1966	7.3	8.2	15.5	6.8	6.1	.7	185.0		
1967	8.0	8.7	16.7	6.6	5.0	1.6	245.0		
1968 ^{2/}	7.9	10.1	18.0						
Total Shade-grown (types 61-62)									
1964	21.1	22.1	43.2	21.6	17.3	4.3	245.0		
1965	22.9	21.6	44.5	20.0	14.9	5.1	241.0		
1966	21.0	24.5	45.5	20.8	16.6	4.2	257.0		
1967	17.6	24.7	42.3	19.5	14.7	4.8	308.0		
1968 ^{2/}	19.0	22.8	41.8						
Grand Total Cigar Tobacco types 41-62									
1964	136.3	301.4	437.7	136.3	128.8	7.5	65.4		
1965	120.1	301.4	421.5	131.4	122.1	9.3	68.3		
1966	97.5	290.1	387.6	128.3	120.7	7.6	78.4		
1967	89.1	259.3	348.4	109.5	101.5	8.0	84.7		
1968 ^{2/}	89.8	238.9	328.7						

^{1/} October 1 for types 41-55; July 1 for types 61-62.^{2/} Subject to revision.^{3/} Puerto Rican planting occurs late in calendar year.^{4/} Excludes payment by Puerto Rican Government.

With steady usage likely in scrap chewing tobacco, domestic disappearance of Wisconsin tobacco in 1968/69 is likely to be near the 17 million pounds of last year. The Netherlands was the chief export outlet the past 2 years, but during October 1968-January 1969 it did not take any Wisconsin tobacco.

Wrapper: Demand for cigar wrapper should continue strong in 1968/69. Exports during the first half of the marketing year were up 9 percent. Stocks on January 1 were 10 percent below a year earlier. Price rises probably limited use some in 1967/68, but the 1968 crop of 19

million pounds is close to annual disappearance. Thus, the July 1 carryover could approximate the 23 million pounds of a year earlier.

Exports in July 1968-January 1969 were 2 million pounds, farm-sales weight. Exports were up sharply for Georgia-Florida wrapper, but reduced for Connecticut Valley. The increases in 1967-crop prices were greater for the Connecticut Valley type than for Georgia-Florida. Exports to South Vietnam and Switzerland gained appreciably while exports to the Canary Islands were up some. The United Kingdom, Canada, and West Germany took less.

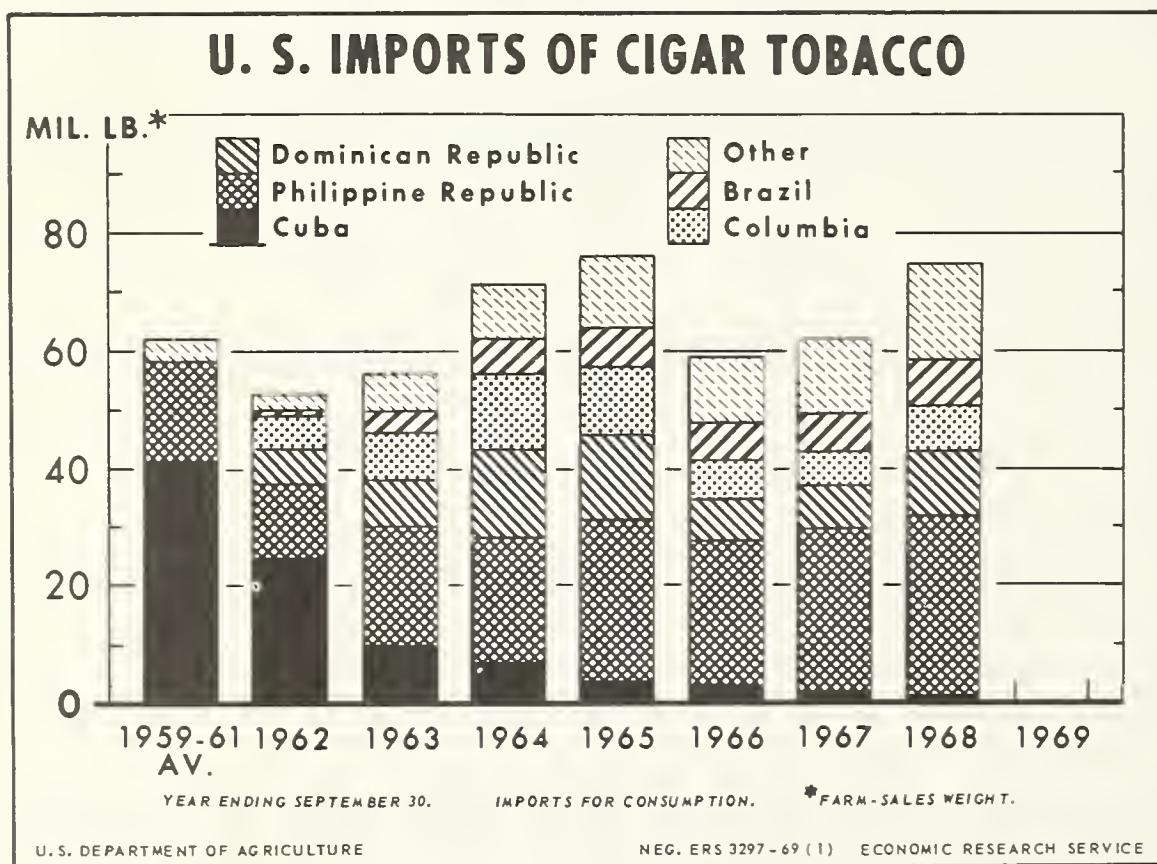


Table 30. - Acreage of tobacco in the United States, by class and type, average 1956-60 and 1961-65, annual 1966-69 with percentages

Class and type	Average 1956-60	Average 1961-65	1966	1967	1968 1/	1969 2/	Percent- age change 1968 to 1969
	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	1,000 acres	
Va. and N.C. Old and Middle Belts, type 11	255.9	239.6	212.2	204.8	187.8	205.0	9
Eastern North Carolina, type 12	231.8	213.2	201.0	192.0	174.0	188.0	8
N.C. Border and S.C. Belt, type 13	141.2	129.4	119.5	128.9	107.6	118.5	10
Georgia and Florida, type 14	83.6	80.4	74.3	84.6	68.1	73.7	8
Total flue-cured, types 11-14	712.5	662.6	607.0	610.3	537.5	585.2	9
Virginia, type 21	7.4	7.3	6.0	5.4	4.9	5.3	8
Kentucky and Tennessee, type 22	21.4	19.0	15.4	13.2	13.6	13.9	2
Kentucky and Tennessee, type 23	7.8	7.4	5.6	4.1	4.1	4.4	3/8
Total fire-cured, types 21-23	36.6	33.7	27.0	22.7	22.6	23.6	3/5
Burley, type 31	302.0	315.9	240.7	237.7	237.4	237.4	0
Maryland, type 32	38.4	37.6	35.0	31.5	30.0	30.0	0
Ky.-Tenn. One Sucker, type 35	9.8	8.6	7.2	6.5	6.8	6.9	2
Kentucky Green River, type 36	4.8	4.4	3.5	3.0	3.1	3.2	3
Virginia sun-cured, type 37	2.2	1.9	1.4	1.2	1.1	1.2	9
Total dark air-cured, types 35-37	16.8	14.9	12.1	10.7	11.0	11.3	3
Pennsylvania Seedleaf, type 41	30.0	28.6	23.0	21.0	21.0	20.0	-5
Ohio Miami Valley, types 42-44	3.7	4.0	3.2	2.3	2.0	2.0	3/-2
Total cigar filler, types 41-44	33.7	32.6	26.2	23.3	23.0	22.0	3/-5
Connecticut Valley Broadleaf, type 51	2.8	1.8	1.3	1.1	1.2	1.3	8
Mass.-Conn. Valley Havana Seed, type 52	1.7	1.0	.5	.4	.4	.4	0
Southern Wisconsin, type 54	5.0	4.8	3.9	3.8	3.7	3.6	-3
Northern Wisconsin, type 55	8.1	6.8	5.4	4.5	4.0	3.7	-8
Total cigar binder, types 51-55	17.6	14.4	11.1	9.8	9.3	9.0	-3
Connecticut Valley Shade-grown, type 61	8.1	8.2	8.8	8.5	8.4	6.2	-26
Georgia and Florida Shade-grown, type 62	5.5	5.6	5.8	5.1	5.0	5.0	3/-2
Total cigar wrapper, types 61-62	13.6	13.8	14.6	13.6	13.4	11.2	3/-17
Louisiana Perique, type 72	.2	.3	.2	.2	.2	.2	0
Total all types	1,171.5	1,125.8	973.9	959.8	884.5	929.9	5

1/ Subject to revision. 2/ Farmers' intentions as of March 1. 3/ Computed from unrounded data. Detail may not add to total, due to rounding.

Table 31.--Cash receipts from farm marketings and tobacco, average 1950-54, annual 1955-68 with percentages

Period	Cash receipts				Tobacco as a percentage of--		
	Livestock and products	All crops	Total farm	Tobacco	All crops	Total cash receipts	
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Pct.	Pct.	
Average:							
1950-54	17,432	13,504	30,936	1,119	8.3	3.6	
1955	15,967	13,523	29,490	1,225	9.1	4.2	
1956	16,363	14,038	30,401	1,162	8.3	3.8	
1957	17,376	12,338	29,714	971	7.9	3.3	
1958	19,227	14,229	33,456	1,020	7.2	3.0	
1959	18,863	14,648	33,511	1,060	7.2	3.2	
1960	18,909	15,090	33,999	1,154	7.6	3.4	
1961	19,391	15,532	34,923	1,325	8.5	3.8	
1962	20,025	16,162	36,187	1,321	8.2	3.7	
1963	19,926	17,282	37,208	1,269	7.3	3.4	
1964	19,817	17,233	37,050	1,414	8.2	3.8	
1965	21,845	17,250	39,095	1,186	6.9	3.0	
1966	24,836	18,383	43,219	1,211	6.6	2.8	
1967	24,405	18,383	42,788	1,392	7.6	3.3	
1968 1/	25,641	18,425	44,065	1,182	6.4	2.7	

1/ Preliminary.

Table 32.--Total expenditures for tobacco products, 1950-68

Year	Total	Cigarettes	Cigars	Other 1/	Year	Total	Cigarettes	Cigars	Other 1/
	Million dollars					Million dollars			
1950	4,392	3,586	514	292	1960	7,187	6,244	649	294
1951	4,685	3,876	526	283	1961	7,472	6,538	631	303
1952	5,073	4,246	545	282	1962	7,608	6,675	634	299
1953	5,264	4,436	560	268	1963	8,004	7,055	649	300
1954	5,104	4,292	552	260	1964	8,113	7,024	765	324
1955	5,217	4,409	550	258	1965	8,651	7,609	734	308
1956	5,481	4,681	556	244	1966	9,024	7,997	721	306
1957	5,877	5,072	556	243	1967	9,448	8,432	709	307
1958	6,182	5,341	584	257	1968 2/	9,940	8,910	710	320
1959	6,764	5,854	629	281					

1/ Smoking, chewing, and snuff. 2/ Preliminary; subject to revision.

Table 33.--Federal and State tax revenues from tobacco products for specified periods

Period	Federal				States 2/		Total Federal and State
	Cigarettes	Cigars	Chewing, smoking, and snuff	Total 1/	All tobacco products 3/		
	Million dollars						
Average:							
1950-54	1,445	45	28	1,518	471		1,989
1955	1,530	46	20	1,596	500		2,096
1956	1,576	45	18	1,639	573		2,212
1957	1,639	46	18	1,704	614		2,318
1958	1,750	49	18	1,817	673		2,490
1959	1,792	51	17	1,860	841		2,701
1960	1,887	50	17	1,955	998		2,953
1961	1,950	50	17	2,019	1,070		3,094
1962	1,961	50	16	2,030	1,130		3,160
1963	2,047	51	17	2,116	1,225		3,341
1964	1,987	62	18	2,069	1,264		3,333
1965	2,014	58	16	2,090	1,482		3,572
1966	1,993	56	14	2,051	1,633		3,684
1967	2,111	56	14	2,169	1,760		3,929
1968 2/	2,128	55	14	2,185	6,2080		4,265

1/ Includes leaf dealer penalties, floor taxes, cigarette papers and tubes, etc. 2/ Includes District of Columbia. 3/ Cigarette taxes--about 98 percent of total. 4/ The Federal excise tax on chewing, smoking, and snuff was repealed effective January 1, 1966. Taxes incurred prior to repeal but paid in 1966 totaled about \$510,000. 5/ Preliminary. 6/ Estimated. General note: Local government taxes from tobacco products in fiscal 1966/67 totaled \$116 million.

Compiled from reports of the Internal Revenue Service, the National Tobacco Tax Association, and other sources.

STATISTICAL SUMMARY

Item	Unit or base period	1968		1969		Last data as percentage of a year earlier
		Jan.	Feb.	Jan.	Feb.	
Average price at auctions						
Flue-cured	Ct. per lb.	55.3	Closed	C - 1 - o - s - e - d	72.2	70.0
Burley	Ct. per lb.	71.3	64.0	C - 1 - o - s - e - d	72.2	70.0
Maryland	Ct. per lb.	0 - 1 - o - s - e - d	C - 1 - o - s - e - d	C - 1 - o - s - e - d	47.8	48.2
Virginia fire-cured	Ct. per lb.	40.8	36.2	51.1	50.9	133
Ky.-Tenn. fire-cured	Ct. per lb.	45.6	46.3	46.4	35.2	110
Ky.-Tenn. dark air-cured	Ct. per lb.	41.8	30.7	55.2	50.0	115
Virginia sun-cured	Ct. per lb.	44.4	27.8	55.2	50.0	180
Support price 1/						
Flue-cured	Ct. per lb.	61.6		63.8		104
Burley	Ct. per lb.	63.5		65.8		104
Maryland	Ct. per lb.	No support		No support		---
Virginia fire-cured	Ct. per lb.	43.1		44.6		104
Ky.-Tenn. fire-cured	Ct. per lb.	43.1		44.6		104
Ky.-Tenn. dark air-cured	Ct. per lb.	38.3		39.7		104
Virginia sun-cured	Ct. per lb.	38.3		39.7		104
Connecticut Valley cigar binder	Ct. per lb.	44.0		45.5		104
Wis. binder and Ohio filler	Ct. per lb.	31.7		32.9		104
Puerto Rican filler	Ct. per lb.	33.0		34.2		104
Parity index 2/	1910-14=100	347	349	363	365	105
Industrial production index 3/	1957-59=100	161	162	169	170	105
Employment	Mil.	73.3	74.1	75.4	76.2	103
Personal income 4/	Bil. dol.	654.9	663.0	716.1	721.4	109
		1967-68		1968-69		
		Dec.	Jan.	Nov.	Dec.	Jan.
Taxable removals						
Cigarettes	Bil.	36.6	41.0	40.7	35.2	45.6
Cigars and cigarillos	Mil.	536.5	634.6	694.5	448.3	501.6
Accumulated from Jan. 1						
Cigarettes	Bil.	527.8		487.8	523.0	99
Cigars and cigarillos	Mil.	7,970.3		7,377.9	7,826.2	98
Invoiced to domestic customers,						
Accumulated from Jan. 1						
Smoking tobacco	Mil. lb.	62.7		64.1		102
Chewing tobacco	Mil. lb.	64.3		65.4		102
Snuff	Mil. lb.	28.9		27.7		96
Tax-exempt removals						
Cigarettes	Bil.	3.9	3.4	4.4	4.3	3.1
Exports	Bil.	2.0	1.6	2.0	2.6	.7
Cigars and cigarillos	Mil.	11.2	11.5	10.2	12.2	6.7
Accumulated from Jan. 1						
Cigarettes	Bil.	49.0		49.5	53.8	110
Exports	Bil.	23.7		23.9	26.5	112
Cigars and cigarillos	Mil.	196.6		155.9	168.1	86
Invoiced for export						
Accumulated from Jan. 1						
Smoking tobacco	Mil. lb.	2.0		1.9		95
Chewing tobacco	Mil. lb.	.6		.5		83
Wholesale price indexes 5/						
Cigarettes (reg. nonfilter)	1957-59=100	119.9	119.9	124.5	124.5	111
Cigars	1957-59=100	100.9	101.1	101.6	101.6	101
Smoking tobacco	1957-59=100	130.2	130.2	132.8	132.8	102
Plug chewing tobacco	1957-59=100	133.3	133.3	133.3	133.3	100
Snuff	1957-59=100	127.3	127.3	131.7	131.7	103
Consumer price indexes (urban) 6/						
Cigarettes (reg. nonfilter)	1957-59=100	142.5		148.0		104
Cigarettes (filter tip king)	Mar. 1959=100	134.8		140.4		104
Cigars (domestic reg. size)	1957-59=100	103.7		105.4		102
Imports of tobacco						
Cigarette leaf	Mil. lb.	10.1	12.1	12.2	10.3	129
Cigar tobacco 7/	Mil. lb.	5.9	6.7	7.7	7.7	115
Accumulated from Jan. 1						
Cigarette leaf	Mil. lb.	152.7		154.4	164.7	108
Cigar tobacco 7/	Mil. lb.	69.8		80.2	87.9	126

See footnotes at end of table.

Continued

STATISTICAL SUMMARY—CONTINUED

Item	Unit or base period	1967-68		1968-69		Last data as percentage of a year earlier
		Dec.	Jan.	Nov.	Dec.	
Exports of leaf tobacco (farm-sales weight)						
Flue-cured	Mil. lb.	65.3	39.2	68.6	65.2	8.9 #
Burley	Mil. lb.	4.8	3.0	6.4	3.2	1.0 #
Maryland	Mil. lb.	.8	.3	1.9	.1	0 #
Virginia fire- & sun-cured	Mil. lb.	.8	.7	.3	.4	.5 #
Ky.-Tenn. fire-cured	Mil. lb.	2.2	2.3	1.8	1.5	* #
Ky.-Tenn. dark air-cured	Mil. lb.	0	.1	.4	*	0 #
Black Fat	Mil. lb.	.6	.3	.2	.2	0 #
Cigar wrapper	Mil. lb.	.3	.3	.4	.3	* #
Connecticut binder	Mil. lb.	*	.1	*	*	0 #
Wisconsin binder	Mil. lb.	0	*	0	*	0 #
Accumulated from beginning of marketing year 8/						
Flue-cured	Mil. lb.	308.4	347.6	265.5	330.7	339.6 98
Burley	Mil. lb.	11.3	14.3	8.3	11.5	12.5 87
Maryland	Mil. lb.	4.0	4.3	2.5	2.6	2.6 60
Virginia fire- & sun-cured	Mil. lb.	1.9	2.6	.6	1.0	1.5 58
Ky.-Tenn. fire-cured	Mil. lb.	7.1	9.4	2.6	4.1	4.1 14
Ky.-Tenn. dark air-cured	Mil. lb.	.3	.4	.6	.7	.7 175
Black Fat	Mil. lb.	1.0	1.3	.3	.5	.5 38
Cigar wrapper	Mil. lb.	2.1	2.4	2.0	2.3	2.3 96
Connecticut binder	Mil. lb.	.3	.4	.1	.1	.1 25
Wisconsin binder	Mil. lb.	0	*	0	*	*
Cigar filler	Mil. lb.	.3	.4	.4	.4	.4 100
Exports of manufactured tobacco in bulk	Mil. lb.	1.6	.5	1.7	2.8	.3 60
Accumulated from Jan. 1	Mil. lb.	15.9	16.4	18.6	21.4	21.7 132
Quarterly data						
		1967-68		1968-69		
Oct.-Dec. : Jan.-Mar.		Oct.-Dec. : Jan.-Mar.				
Stocks of tobacco—1st of quarter 9/						
Domestic types (farm-sales weight)						
Flue-cured	Mil. lb.	2,621	2,844	2,628	2,612	92
Burley	Mil. lb.	1,382	1,666	1,329	1,607	96
Maryland	Mil. lb.	96	86	87	82	95
Fire-cured	Mil. lb.	106	95	91	84	88
Dark air- and sun-cured	Mil. lb.	65	66	62	65	98
Cigar filler	Mil. lb.	168	152	156	138	91
Cigar binder	Mil. lb.	66	61	60	53	87
Cigar wrapper	Mil. lb.	30	32	27	28	88
Under Government loan 10/	Mil. lb.	1,091	1,311	1,205	**1,244	95
Tobacco sheet 11/						
Cigarette types	Mil. lb.	19.2	19.7	19.7	21.1	107
Cigar types	Mil. lb.	2.1	2.4	2.8	2.1	88
Foreign types (farm-sales wt.)						
Cigarette and smoking	Mil. lb.	372	403	403	416	103
Cigar	Mil. lb.	85	78	91	91	117
Tobacco outlets 12/						
Seasonally adjusted data, annual rates, for charts, p.2						
Cigarettes						
Production	Bil.	559	586	574	568	97
Tax-paid removals	Bil.	520	531	518	520	98
Cigar production	Bil.	8.15	8.64	7.22	7.78	90
Smoking production	Mil. lb.	69.4	70.7	65.1	65.0	92
Chewing production	Mil. lb.					
Scrap	Mil. lb.	34.8	34.3	35.7	35.7	104
Plug and other	Mil. lb.	29.9	30.2	28.6	29.9	99
Snuff production	Mil. lb.	30.4	27.5	26.5	26.8	97
Exports of leaf						
Total	Mil. lb.	634	754	594	380	50
Flue-cured	Mil. lb.	502	697	478	350	50

1/ 1968 and 1969 crops respectively. 2/ Prices paid by farmers including interest, taxes and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Excise tax excluded. 6/ Federal and applicable state and local taxes included. 7/ Farm-sales weight equivalent. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Holdings of manufacturers and dealers including grower cooperatives. 10/ Reported by grower cooperatives. 11/ Weight of tobacco leaf not including stems added. 12/ Data for most recent quarter are preliminary estimates. * Less than 50,000 pounds. ** Of this quantity, approximately 120 million pounds had been sold. # January 1969 exports were small because of dock strike.

INDEX TO 1968 QUARTERLY ISSUES

Each issue of the Tobacco Situation carries discussion and standard statistical tables which cover (1) cigarettes, cigars, and other manufactured tobacco products, (2) exports and imports, foreign production and trade data and (3) each of the different kinds of leaf tobacco. The discussion and regular tables contain current estimates and comparable data for earlier years. Also included in each issue are 6 standard charts that depict recent trends in manufactured tobacco products and leaf tobacco exports. In addition, various issues of the Tobacco Situation contain special items, special-purpose tables, charts and special articles.

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February 19, 1969

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